



47877 – PUBLIC ECONOMICS

ALI SHOURIDEH

Instructor: ALI SHOURIDEH

E-mail: ashourid@andrew.cmu.edu

Office: TEP 5103

Office Hours: by appointment.

Class room number: TEP 4219

Class times: MON-WEDNESDAY 1:25PM - 3:15PM

1 Course Description

This is an advanced class in public economics. The course is consisted of two parts. In the first part, I will discuss theoretical models of inequality with a special focus on models of discrimination and their policy recommendations. In the second part of the class, I will discuss select topics in optimal taxation.

2 Thursday Coffee Hours

Every thursday at 3pm, I am going to have coffee somewhere on campus - this semester tentatively in person. Stop by my office to talk about whatever you want.

3 Grading

Grading will be based on:

1. Homeworks, 45%
2. Referee reports, 20%
3. Final Presentation, 35%

3.1 Homeworks

There will be a total of 2 or 3 written home works.



3.2 Referee Reports

You will have to write 2 referee reports on 2 unpublished papers broadly related to the topics discussed dated after and including 2010. You should confirm your choice with me.

3.3 Final Project

During the semester, you have to choose a research question of your interest - obviously related to the topics discussed in class; come up with one or two papers that are related and summarize them and finally flesh out a new idea on how to answer your question in a way that is new to the literature. At the end of the mini, you will present your work.

4 Schedule and course outline

The following is a tentative schedule of topics and papers to be covered;

4.1 Discrimination

Disclaimer: This list is in no way exhaustive.

4.1.1 Classics!

Statistical Discrimination 1: [Phelps \(1972\)](#)

Statistical Discrimination 2: [Arrow \(1973\)](#)

Preference-Based Discrimination: [Becker \(1957\)](#)

4.1.2 Some Evidence

Various Markets: [Bartoš et al. \(2016\)](#), [Gneezy et al. \(2012\)](#)

Group Identities: Race: [Knowles et al. \(2001\)](#), [Bertrand and Mullainathan \(2004\)](#), [Anwar and Fang \(2006\)](#), and [Arnold et al. \(2018\)](#) Ethnicity: [Fershtman and Gneezy \(2001\)](#), gender: [Sarsons \(2017b\)](#), [Sarsons \(2017a\)](#)

4.1.3 Policies: Affirmative Action

[Coate and Loury \(1993\)](#), [Fryer Jr and Loury \(2013\)](#)

4.1.4 Learning and Distorted Beliefs

[Cornell and Welch \(1996\)](#)

[Fryer et al. \(2008\)](#)

[Bordalo et al. \(2016\)](#)



Bohren et al. (2019)

Bardhi et al. (2020)

4.1.5 Identity

Bénabou and Tirole (2011)

4.2 Optimal Government Policy

4.2.1 Optimal Taxes in General Equilibrium

Diamond and Mirrlees (1971), Naito (1999), Hosseini and Shourideh (2018)

4.2.2 Optimal Dynamic and Static Taxes

Mirrlees (1971), Saez (2001), Golosov et al. (2003), Farhi and Werning (2013), Shourideh (2013), Scheuer and Slemrod (2021)

4.2.3 Dynamic Taxation without Commitment

Farhi et al. (2012), Scheuer and Wolitzky (2016)

4.2.4 Behavioral Optimal Taxation

Farhi and Gabaix (2020), Shourideh (2019)

References

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ARROW, K. J. (1973): “The Theory of Discrimination,” *Discrimination in Labor Markets*, Ed. by Ashenfelter and Rees, Princeton University Press. [4.1.1](#)

BARDHI, A., Y. GUO, AND B. STRULOVICI (2020): “Early-Career Discrimination: Spiraling or Self-Correcting?” Tech. rep., Working Paper, Duke and Northwestern. [4.1.4](#)

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- KNOWLES, J., N. PERSICO, AND P. TODD (2001): “Racial bias in motor vehicle searches: Theory and evidence,” *Journal of Political Economy*, 109, 203–229. 4.1.2
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- SAEZ, E. (2001): “Using elasticities to derive optimal income tax rates,” *The review of economic studies*, 68, 205–229. 4.2.2
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