

Title: Understanding and Evaluating Decentralized Government Policies within a Federal System

Lecture 1: Decentralized Government Policies in the Context of Mobility, Market Power, and Competition

Lecture 2: Decentralized Government Policies in a Federalist System: Federal Policy Interventions and Vertical Competition

Lecture 3: Evaluating the Welfare Implications of Decentralized Policy in Federal System

Course Description: This series of lectures focuses on the examination of decentralized (local and regional) government policies. In the first lecture, we review both the theoretical and empirical literature that examines how both the mobility of taxable resources among localities and the competition among these local governments engendered by this resource mobility affects local policies. The second lecture focuses on the involvement of higher levels of governments into the realm of local policies and how federalism might alter local policies and the efficacy of local policies. In the third lecture we consider the more limited literature on quantifying the welfare effects of local tax and service policies including measurement of spillover benefits and costs incurred in other localities.

Reading List:

Lecture 1:

Agrawal, David R., William H. Hoyt, and John D. Wilson (2022) "Local Policy Choice: Theory and Empirics," *Journal of Economic Literature*, 60(4): 1378 – 1455.

Lyytikäinen, Teemu (2012) "Tax Competition among Local Governments: Evidence from a Property Tax Reform in Finland", *Journal of Public Economics*

Eugster, Beatrix and Raphael. Parchet (2018) "Culture and Taxes: Towards Identifying Tax Competition", *Journal of Political Economy*, 127(1): 296 – 337.

Hoyt, William H (1991) "Property Taxation, Nash Equilibrium and Market Power," *Journal of Urban Economics*, 30(1): 123 - 131.

Wilson, John D. (1986) "A Theory of Interregional Tax Competition," *Journal of Urban Economics*, 19(3): 296\_315.

Zodrow, George R., and Peter Mieszkowski (1986) "Pigou, Tiebout, Property Taxation, and the Underprovision of Local Public Goods," *Journal of Urban Economics*, 19: 356 - 370.

Lecture 2:

Agrawal, David R., Jan K. Brueckner, and Marius Brulhart (2023) "Fiscal Federalism in the 21<sup>st</sup> Century," *Annual Review of Economics* (forthcoming).

Brühlhart Marius, Marko Köthenbürger, Matthias Krapf, Raphael Parchet, Kurt Schmidheiny, and David Staubli (2023) “Competition, Harmonization and Redistribution: Corporate Taxes in Switzerland?” in *Policy Responses to Tax Competition*, ed. David R. Agrawal, James M. Poterba, Omar M. Zidar. Chicago: University of Chicago Press.

Brühlhartn Maurius and Jametti M. 2006. “Vertical versus Horizontal Tax Externalities: An Empirical Test,” *Journal of Public Economics* 90(10-11):2027-2062.

Hoyt, William H (2017) “The assignment and division of the tax base in a system of hierarchical governments,” *International Tax and Public Finance*, 23: 678 – 704.

Keen, Michael (1998) “Vertical tax externalities in the theory of fiscal federalism,” *IMF Staff Papers*. 45(3):454-485.

### Lecture 3:

Agrawal, David R., William H. Hoyt, and Tidiane Ly (2023) “A New Approach to Evaluating the Welfare Effects of Decentralized Policies,” Working Paper.

Bayer, Patrick J., Peter Q. Blair, and Kenneth Whaley (2021) “Are We Spending Enough on Teachers in the U.S.?” *NBER working paper*.

Finkelstein, Amy and Nathaniel Hendren (2020) “Welfare Analysis Meets Causal Inference,” *Journal of Economic Perspectives*, 34(4): 146 – 67.

Suárez Serrato, Juan Carlos, and Owen Zidar (2018) “The Structure of State Corporate Taxation and its Impact on State Tax Revenues and Economic Activity,” *Journal of Public Economics*, 167: 158-176.