

Public Finance, Written Assignments and Presentations Topics [Spring 2025]

Instructors:

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Office hours: Wednesday 15:00-17:00

Instructions: The written assignment is expected include a very detailed discussion about: (a) the data employed (b) the empirical relationship under investigation (i.e. econometric specification and techniques) and (c) the empirical findings of the relevant literature. In other words, the questions of “*how do we measure the main variables of interest*” and “*what are the basic findings of the relevant empirical literature*” is expected to clearly addressed and discussed both within the text as well as during the oral presentation. In contrast, the literature review section should not exceed two paragraphs. The written assignment must be typed on a computer and comply with the following requirements: **Font:** Times New Roman, font size 12 and a line spacing of 1.5. **Word count:** The length of the written assignment should be around 5000-6000 words (i.e. around 10-12 pages of main text). Tables, references (bibliography) and footnotes should be included in the word count of the main text.

Grading: Written assignments and Oral Presentations **50%** of the final score.

[1] Topic: Why fiscal policy is often pro-cyclical?

(#) Alesina, A., Tabellini, G. Campante, F., (2008). Why is Fiscal Policy Often Procyclical? [*Journal of European Economic Association* 6](#), 1006-1036.

Frankel, J. A., Vegh, C. A., Vuletin, G. (2013). On Graduation from Fiscal Procyclicality. [*Journal of Development Economics* 100](#), 32-47.

Lane, P., (2003). The Cyclical Behavior of Fiscal Policy: Evidence from the OECD. [*Journal of Public Economics* 87](#), 2661–2675.

Talvi, E., Vegh, C., (2005). Tax Base Variability and Procyclicality of Fiscal Policy, [*Journal of Development Economics* 78](#), 156-190.

Vegh, C., Vuletin, G., (2015). How Is Tax Policy Conducted Over the Business Cycle? [*American Economic Journal: Economic Policy* 7\(3\)](#), 327–370.

Woo, J., (2009). Why do more polarized countries run more procyclical fiscal policy? [*Review of Economics and Statistics* 91](#), 850-870.

[2] Topic : Successful and Unsuccessful Fiscal Adjustments.

(#) Alesina, A., Ardagna, S., (2013). The Design of Fiscal Adjustments. [*Tax Policy and the Economy* 27 \(1\)](#), 19-68.

Alesina, A., Ardagna, S., (2010). Large Changes in Fiscal Policy: Taxes versus Spending. [*Tax Policy and the Economy* 24 \(1\), 35-68.](#)

Alesina, A., Azzalini, G., Favero, C., Giavazzi, F., Miano, A., (2018). Is it the “How” or the “When” that Matters in Fiscal Adjustments? [*IMF Economic Review* 66 \(1\): 144-188.](#)

Alesina, A., Drazen, A., (1991). Why are stabilizations delayed? [*American Economic Review* 81 \(5\), 1170–1177.](#)

Alesina, A., Perotti, R., Tavares, J., (1998). The Political Economy of Fiscal Adjustments. [*Brookings Papers on Economic Activity* 1, 197-266](#)

[3] Topic: The Political Economy of Debt: Political Budget Cycles

(#) Alesina, A., Passalacqua, A., (2016). The Political Economy of Government Debt. [*Handbook of Macroeconomics*, Volume 2b, 2599-2651.](#)

Brender, A., & Drazen A. (2005). Political budget cycles in new versus established democracies. [*Journal of Monetary Economics*, 52\(7\), 1271-1295.](#)

Brender, A. & Drazen, A. (2008). How do budget deficits and economic growth affect reelection prospects? Evidence from a large panel of countries. [*American Economic Review*, 98\(5\), 2203-2220.](#)

(#) Klomp, J., De Haan, J. (2013). Conditional political budget cycles: a review of recent evidence, [*Public Choice*, 157\(3-4\), 387-410.](#)

Schuknecht, L., (2000). Fiscal policy cycles and public expenditure in developing countries. [*Public Choice* 102, 115-130.](#)

Shi, M., & Svensson J. (2006). Political budget cycles: do they differ across countries and why? [*Journal of Public Economics*, 90\(8-9\), 1367-1389.](#)

[4] Topic: The Political Economy of Debt: Social conflicts and the war of attrition

Alesina, A., Drazen, A., (1991). Why are stabilizations delayed? [*American Economic Review* 81 \(5\), 1170–1177.](#)

(#) Alesina, A., Passalacqua, A., (2016). The Political Economy of Government Debt. [*Handbook of Macroeconomics*, Volume 2b, 2599-2651.](#)

Perotti, R. and Kontopoulos, Y. (2002). Fragmented fiscal policy. [*Journal of Public Economics* 86: 191–222](#)

Grilli, V., Masciandaro, D., Tabellini, G., Malinvaud, E., Pagano, M., (1991). Political and monetary institutions and public financial policies in the industrial countries. [*Economic Policy* 6 \(13\), 342–392.](#)

Elgie, R., McMenamin, I., (2008). Political fragmentation, fiscal deficits and political institutionalisation. [*Public Choice* 136 \(3-4\), 255–267.](#)

Volkerink, B., De Haan, J., (2001). Fragmented government effects on fiscal policy: new evidence. [*Public Choice* 109 \(3-4\), 221–242.](#)

[5] Topic: Does public finance systems matter for economic growth?

(#) Arnold, J., Brys, B., Heady, C., Johansson, A., Schwellnus, C., Vartia, L., (2011). Tax policy for economic recovery and growth. [*Economic Journal* 121, F59-F80](#)

Arnold, J. (2008). Do Tax Structures Affect Aggregate Economic Growth?: Empirical Evidence from a Panel of OECD Countries. [*OECD Economics Department Working Papers, No. 643*](#), OECD Publishing, Paris.

(#) Gemmel N., Kneller, R., (2001). The impact of fiscal policy on long run growth, [European Economy](#), 1 [chapter 4]

Kneller R., Bleaney, M., Gemmel, N., (1999). Public policy and the government budget constraint, [Journal of Public Economics](#) 74, 171-190.

Schwellnus, C., Arnold, J., (2008). Do Corporate Taxes Reduce Productivity and Investment at the Firm Level?: Cross-Country Evidence from the Amadeus Dataset. [OECD Economics Department Working Papers, No. 641](#), OECD Publishing, Paris.

Vartia, L., (2008). How do Taxes Affect Investment and Productivity? An Industry-Level Analysis of OECD Countries. [OECD Economics Department Working Papers, No. 656](#), OECD Publishing, Paris

World Bank (2007). *Fiscal Policy and Economic Growth: Lessons for Eastern Europe and Central Asia*. [chapter 3]

[6] Topic: Taxation of Labour: Does it matter for employment and economic growth?

Daveri, F., Tabellini, G., (2000). Unemployment, Growth and Taxation in Industrial Countries. [Economic Policy](#), 49-104.

Econpubblica (2011). *The role and the impact of labour taxation policies*. Report for the European Commission.

(#) Nickell, S. (1997). Unemployment and Labor Market Rigidities: Europe versus North America. [Journal of Economic Perspectives](#) 11, 55-74.

Nickell, S., Layard, R., (1999). Labour Market Institutions and Economic Performance, in O. Ashenfelter and D. Card, (eds), [Handbook of Labour Economics](#), Vol 3, North-Holland, Amsterdam.

Nickell, S., Nunziata, L., Ochel, W., (2005). Unemployment in the OECD since the 1960s. What do we know? [The Economic Journal](#) 115, 1-27.

(#) World Bank (2007). *Fiscal Policy and Economic Growth: Lessons for Eastern Europe and Central Asia*. [chapter 9]

[7] Topic: Does globalization affect government spending and taxation?

Adam, A., Kammas, P., (2007). Tax Policies in a Globalized World: Is it Politics After All? [Public Choice](#), 133, 321-341.

Bretschger, L., Hettich, F., (2002). Globalization, capital mobility and tax competition: Theory and evidence for OECD countries. [European Journal of Political Economy](#), 18, 695-716.

(#) Griffith, R., Klemm, A., (2004). What has been the Tax Competition Experience of the last 20 Years? [The Institute of Fiscal Studies. WP04/05](#).

Rodrik, D., (1998). Do more open economies have bigger governments? [Journal of Political Economy](#) 106, 997-1032.

(#) Schulze, G., Ursprung, H., (1999). Globalization of the economy and the nation state. [The World Economy](#) 22, 295-352.

[8] Topic: Preferences for Redistribution in Europe and the US

Alesina, Alberto and George-Marios Angeletos (2005): Fairness and Redistribution, [American Economic Review](#), 95(4), 960-980.

Alesina, Alberto, Rafael Di Tella and Robert McCulloch (2004): Inequality and Happiness: Are Americans and Europeans Different? [Journal of Public Economics](#), 88: 2009-2042.

- (#) Alesina, Alberto and Nicola Fuchs-Schündeln (2007): Good Bye Lenin (or not?) – The Effect of Communism on People's Preferences, [American Economic Review](#), 97(4), 1507-1528.
- (#) Alesina, Alberto and Eliana La Ferrara (2005): Preferences for Redistribution in the Land of Opportunities, [Journal of Public Economics](#), 89(5-6), 897-931.
- Corneo, Giacomo and Hans Peter Grüner (2002): Individual Preferences for Political Redistribution, [Journal of Public Economics](#), 83(1), 83-107

[9] Topic: The Welfare State in Europe and the US

- (#) Alesina, Alberto, Edward Glaeser and Bruce Sacerdote (2001): Why Doesn't the United States Have a European Style Welfare State?, [Brookings Papers on Economic Activity](#), 2001(2), 187-278.
- (#) Alesina, Alberto and Edward L. Glaeser (2004): Fighting Poverty in the US and Europe: A World of Difference, Oxford University Press, Oxford.
- Blanchard, Olivier (2006): Is There a Viable European Social and Economic Model?, [MIT Department of Economics Working Paper No. 06-21](#).
- Estevez-Abe, Margarita, Torben Iversen, and David Soskice (2001): Social Protection and the Formation of Skills: A Reinterpretation of the Welfare State, in: Hall, Peter and David Soskice (eds.): Varieties of Capitalism: The Institutional Foundations of Comparative Advantage, Oxford University Press, Oxford, New York.
- Iversen, Torben and David Soskice (2001): An Asset Theory of Social Policy Preferences, [American Political Science Review](#), 95(4), 875-893.

[10] Topic: The causes and consequences of Income Inequality in developed countries.

- OECD (2019). *Under Pressure: The Squeezed Middle Class*, OECD Publishing, Paris.
- OECD (2011). *Divided We Stand: Why Inequality Keeps Rising*, OECD Publishing, Paris.
- (#) Atkinson, A. B. (2007). The distribution of earnings in OECD countries. *International Labour Review* 146, 41-60
- Banerjee, A. V., Benabou, R., Mookherjee, D., (2006). *Understanding Poverty*. Oxford University Press.
- Goldin, C. and Katz L. F. (2009). The Future of Inequality, The Other Reason Education Matters So Much. Aspen Institute Congressional Program 24(4): 7-14 <https://dash.harvard.edu/handle/1/4341691>
- Goldin, C. and Katz L. F. (2010). *The Race between Education and Technology*. Belknap Press.
- Piketty, Thomas (2015). *The Economics of Inequality*. The Belknap Press.

[11] Topic: The effect of culture on economic outcomes

- (#) Guiso, L., Sapienza, P., Zingales, L., (2006). Does culture affect economic outcomes? [Journal of Economic Perspectives](#) 20, 23-48.
- Gorodnichenko, Y., and G. Roland (2017). Culture, institutions and the wealth of nations. [Review of Economics and Statistics](#) 99, 402-416
- Kammas, P., Sarantides, V., Kazakis, P., (2017). The effect of culture on fiscal redistribution: Evidence based on genetic, epidemiological and linguistic data. [Economics Letters](#), 160, 95-99.

(#) Mokyr, J., (2017). *A Culture of Growth: The Origins of the Modern Economy*. Princeton University Press [Chapter 1]

Spolaore, E., and R. Wacziarg (2013). How Deep are the Roots of Economic Development? [*Journal of Economic Literature* 51](#), 325-369.

Tabellini, G., (2008). Institutions and Culture. [*Journal of European Economic Association* 6](#), 255-294.

[12] Topic: The deep roots of economic development: Geography, Institutions or Culture

Acemoglu, D., Johnson, S., Robinson, J., (2001). The Colonial Origins of Comparative Development: An Empirical Investigation. [*American Economic Review* 91](#), 1369–1401.

Acemoglu, D., Johnson, S., Robinson, J., (2002). Reversal of Fortune: Geography and Institutions in the Making of the Modern World Income Distribution. [*Quarterly Journal of Economics* 117](#), 1231–94.

(#) Acemoglu, D., Johnson, S., Robinson, J., (2005). Institutions as a Fundamental Cause of Long-Run Growth. In *Handbook of Economic Growth, Volume 1A*, edited by Philippe Aghion and Steven N. Durlauf, 385–472. Amsterdam and Boston: Elsevier, North-Holland

Olsson, O., Douglas, A., Hibbs, Jr., (2005). Biogeography and Long-Run Economic Development. [*European Economic Review* 49](#), 909–38.

Putterman, L., Weil, D., (2010). Post-1500 Population Flows and the Long-Run Determinants of Economic Growth and Inequality. [*Quarterly Journal of Economics* 125](#), 1627–82.

(#) Spolaore, E., and R. Wacziarg (2013). How Deep Are the Roots of Economic Development? [*Journal of Economic Literature* 51](#), 325-369.

[13] Origins and consequences of effective statehood

Acemoglu, D., Robinson, J., (2012). *Why Nations Fail. The Origins of Power, Prosperity and Poverty*. London, UK: Profile Books.

Besley, T., and Persson, T. (2011). *Pillars of prosperity: The political economics of development clusters*. Princeton, NJ: Princeton University Press. [chapters 1 and 2]

Dincecco, M., Onorato, M., (2016). Military Conflict and the Rise of Urban Europe. [*Journal of Economic Growth*](#), 21: 259-82.

Dincecco, M., Katz, G., (2016). State capacity and long-run economic performance. [*Economic Journal* 126](#), 189-218.

(#) Dincecco, M., (2017). *State capacity and economic development*. Cambridge University Press

Gennaioli, N., Voth, H.J. (2015). State capacity and military conflict. [*Review of Economics Studies*](#), 82, 1409-1448.