

# University of California, San Diego

Department of Economics

## Econ 231: Public Economics I

Fall 2006

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### READINGS:

Readings are listed on the following pages. All of the papers listed will be discussed in the lectures to some degree. Those marked (\*) are papers which the students are expected to read, while those marked (\*\*) the students are expected to know especially well.

### TEXTS:

The following books are recommended:

Laffont, J.-J., *Foundations of Public Economics*, MIT Press, 1988.

Mueller, D., *Public Choice III*, Cambridge, 2003.

Gruber, J., *Public Finance and Public Policy*, Worth Publishers, 2005

### PAPER:

Each student will be required to prepare a short 7 page paper that summarizes the results in a single area of the literature discussed in the class, and highlights the open questions still remaining in the literature. The papers not \*ed or \*\*ed will be a guide to what else should be included in the summary, although additional papers will likely be needed to supplement the discussion. *Note: 7 pages is an absolute maximum number of pages.* Use single-spacing and 12 point fonts with no less than 1 inch margins. I also strongly encourage the use of TeX or ScientificWord (i.e. LaTeX) in preparing the papers. [For a free TeX compiler and previewer, see MiKTeX <http://www.miktex.org/> , and also buy the *TeXBook* by Donald Knuth.]

### STUDENT PRESENTATIONS:

During the course of the semester, all students will be expected to make one presentation each in class of course material, which I expect will be related to their papers in topic. This can be presentation of a particular paper, or a synthesis of several similar papers on a particular topic. Presentations should be about 45-60 minutes in length.

### EXAM:

The course will have a final exam. The date and format of the exam will be determined by the class through an appropriate social choice mechanism.

Econ 231: Course Outline  
Fall 2006  
James Andreoni

**0. Introduction**

Laffont, Introduction

Mueller, *Public Choice*, Chapter 10

Samuelson, Paul A., "Social Indifference Curves," *Quarterly Journal of Economics*, 1956, 1--22.

Harsanyi, John C. "Cardinal Welfare Individualistic Ethics, and Interpersonal Comparisons of Utility," *Journal of Political Economy*, 1955, 309--321.

**1. Public Goods**

*1.1 Neoclassical Theory*

\* Samuelson, Paul A., "The Pure Theory of Public Expenditure," *Review of Economics and Statistics*, Nov. 1954, 387-389.

Samuelson, Paul A., "Diagrammatic Exposition of a Theory of Public Expenditures," *Review of Economics and Statistics*, 1955, 350--356.

\*\* Samuelson, Paul A., "Pure Theory of Public Expenditure and Taxation," in Margolis and Guitton, eds., *Public Economics*, Macmillian, 1969, 492--517.

\* Lindahl, E., "Just Taxation --- A Positive Solution," in Musgrave and Peacock, ed., *Classics in the Theory of Public Finance*, Macmillian, 1958, 168--176.

Foley, Duncan, "Lindahl's Solution and the Core of an Economy with Public Goods," *Econometrica*, 1970, 38, pp. 66--72.

Laffont, Chapter 2.1 -- 2.4, 2.7

Arrow, Kenneth, "The Organization of Market Activity: Issues Pertinent to the Choice of Market versus Non-market Allocations," in Haveman and Margolis, eds., *Public Expenditure and Policy Analysis*, Markham, 1970.

*1.2 Privately Provided Public Goods*

Andreoni, James, "Philanthropy." *Handbook of the Economics of Giving, Altruism and Reciprocity*, S-C. Kolm and J. Mercier Ythier, eds., Amsterdam: North Holland, 2006, page 1201-1269.

Arrow, Kenneth, "Optimal and Voluntary Income Distribution," in Steven Rosenfield, ed., *Economic Welfare and the Economics of Soviet Socialism: Essays in Honor Abram Bergson*, 1981.

Becker, G., "A Theory of Social Interactions," *Journal of Political Economy*, 1974.

- Warr, Peter, "Pareto Optimal Redistribution and Private Charity," *Journal of Public Economics*, 1982.
- \*\* Bergstrom, Theodore, Laurence Blume and Hal Varian, "On the Private Provision of Public Goods," *Journal of Public Economics*, 1986, v 29, 25--49.
- Bernheim, B. D., "On the Voluntary and Involuntary Provision of Public Goods," *American Economic Review*, 1986.
- \*\* Andreoni, James, "Privately Provided Public Goods in a Large Economy: The Limits of Altruism," *Journal of Public Economics*, February 1988, v 35, 57--73.
- \* Andreoni, James, "Giving with Impure Altruism: Applications to Charity and Ricardian Equivalence," *Journal of Political Economy*, December, 1989, 1447--1458.
- Andreoni, James, "Impure Altruism and Donations to Public Goods: A Theory of Warm-Glow Giving," *Economic Journal*, 100, 1990.
- \* Andreoni, James and Ted Bergstrom, "Do Government Subsidies Increase the Private Supply of Public Goods?," *Public Choice*, v. 88, 1996, 295-308.
- \* Varian, Hal R., "Sequential Provision of Public Goods," *Journal of Public Economics*, 1994, 53, 165--86.
- \* Bliss, C. and Barry Nalebuff, "Dragon Slaying and Ballroom Dancing: The Private Supply of a Public Good," *Journal of Public Economics*, 25, 1984, 1-12.
- \* Bilodeau, Marc and Al Slivinski, "Toilet Cleaning and Department Chairing: Volunteering a Public Service," *Journal of Public Economics*, February 1996, 299--308.
- Bilodeau, Marc, J. Childs and S. Mestelman, "Volunteering a Public Service: An Experimental Investigation," *Journal of Public Economics*, December 2004, 2839-2856.
- Diamond, Peter, "Optimal Tax Treatment of Private Contributions for Public Goods With and Without Warm Glow Preferences," *Journal of Public Economics*, v 90, May 2006, 897-920.

### 1.3 Fund-raising

- Bilodeau, Marc and Al Slivinski, "Rival Charities," *Journal of Public Economics*, March 1997, 449—467.
- Harbaugh, William, "What Do Donations Buy?," *Journal of Public Economics*, 67, 1998, 269--84.
- \* Andreoni, J. "Toward a Theory of Charitable Fund-Raising," *Journal of Political Economy*, 106, no. 6, 1998, 1186--1213.
- Vesterlund, Lise D., "The Information Value of Sequential Fundraising," *Journal of Public Economics*, March 2003, 87(3-4), 627-658.
- Romano, Richard and Huseyim Yildirim, "Why Charities Announce Donations: A Positive Perspective," *Journal of Public Economics*, v 81, 2001, 423-448.

Andreoni, J. "Leadership Giving in Charitable Fund-raising," *Journal of Public Economic Theory*, 2005.

Yildirim, Huseyin, "Getting the Ball Rolling: Voluntary Donations to a Large Scale Public Project." *Journal of Public Economic Theory*, 2006.

Goeree, Jakob K., Emiel Maasland, Sander Onderstal, John L. Turner, "How (Not) to Raise Money." *Journal of Political Economy*, 114, no. 4, 2005.

\* Craig E. Landry, Andreas Lange, John A. List, Michael K. Price, Nicholas G. Rupp, "Toward an Understanding of the Economics of Charity: Evidence from a Field Experiment," *Quarterly Journal of Economics*, May 2006, Vol. 121, No. 2: 747-782.

#### 1.4 Experimental Studies

Ledyard, John O., "Public Goods: A Survey of Experimental Research" in J.H. Kagel and A.E. Roth, eds., *Handbook of Experimental Economics*, Princeton, 1995.

Marwell, G. and Ruth Ames, "Economists Free Ride --- Does Anyone Else?" *Journal of Public Economics*, 1981, 295--310.

Isaac, Mark and James Walker, "Group Size Hypothesis of Public Goods Provision: Experimental Evidence," *Quarterly Journal of Economics*, 1988. Andreoni, James, "Why Free Ride? Strategies and Learning in Public Goods Experiments," *Journal of Public Economics*, December 1988.

Andreoni, James, "An Experimental Test of the Public Goods Crowding Out Hypothesis," *American Economic Review*, December 1993.

Andreoni, James, "Warm-Glow versus Cold-Prickle: The Effects of Positive and Negative Framing on Cooperation in Experiments." *Quarterly Journal of Economics*, v.110, no.1, February 1995, 1-21.

\*\* Andreoni, James, "Cooperation in Public Goods Experiments: Kindness or Confusion?," *American Economic Review*, September 1995, 85, 891--904.

\* Palfrey, Thomas R. and Jeffrey E. Prisbey, "Anomalous Behavior in Public Goods Experiments: How Much and Why?," *American Economic Review*, 1997, v. 87(5), 829--846.

\* Goeree, Jacob K., Charles A. Holt, and Susan K. Laury, "Private Costs and Public Benefits: Unraveling the Effects of Altruism and Noisy Behavior," *Journal of Public Economics*, February 2002, 83(2), 255-276.

Palfrey, Thomas R. and Jeffrey E. Prisbey, "Altruism, Reputation and Noise in Linear Public Goods Experiments," *Journal of Public Economics*, v. 61, 1997, March 1996, 409--427.

Andreoni, James and John H. Miller, "Giving According to GARP: An Experimental Test of the Consistency of Preferences for Altruism." *Econometrica*, 2002.

Andreoni, James, and Lise Vesterlund, "Which is the Fair Sex? Gender Differences in Altruism," *Quarterly Journal of Economics*, February, 2001.

\* Andreoni, James and Ragan Petrie, "Public Goods Experiments Without Confidentiality: A Glimpse Into Fund-Raising." *Journal of Public Economics*, 88(7-8), 2004, 1605-1623.

Vesterlund, Lise, Jan Potters and Martin Sefton, "After You - Endogenous Sequencing in Voluntary Contribution Games," *Journal of Public Economics*, August 2005, 1399-1419.

Soetevent, A. R., "Anonymity and Giving in a Natural Context—A Field Experiment in 30 Churches." *Journal of Public Economics*, v. 89, December 2005, 2269-2300.

Andreoni, James, "Giving Gifts to Groups: How Congestible is Altruism?" UCSD working paper, 2006.

### 1.5 Econometric Studies

\*\* Randolph, William, "Dynamic Income, Progressive Taxes, and the Timing of Charitable Contributions," *Journal of Political Economy*, August 1995, 103, 709--738.

\* Auten, Gerald E., Holger Sieg, and Charlet T. Clotfelter, "Charitable Giving, Income, and Taxes: Analysis of Panel Data," *American Economic Review*, March 2002, 92(1), 371-382

Payne, A. Abigail, , "Does the Government Crowd-Out Private Donations? New Evidence from a Sample of Non-Profit Firms," *Journal of Public Economics*, v.69 (3), 1998, 323--345.

\* Ribar, David C. and Mark O. Wilhelm, "Altruistic and Joy-of-Giving Motivations in Charitable Behavior," *Journal of Political Economy*, April 2002, 110(2), 425-458.

\*\* Andreoni, J. and A. Abigail Payne, "Do Government Grants to Private Charities Crowd Out Giving or Fundraising?" *American Economic Review*, June 2003, 93(3), 792-812.

Kingma, Bruce, "An Accurate Measure of the Crowd-out Effect, Income Effect, and Price Effect for Charitable Contributions," *Journal of Political Economy*, October 1989.

Berry, Steven T. and Joel Waldfogel, "Public Radio in the United States: Does it Correct Market Failure or Cannibalize Commercial Stations?," *Journal of Public Economics*, v.71, February 1999, 189—211.

Gruber, J. "Pay or Pray? The Impact of Charitable Subsidies on Religious Attendance." *Journal of Public Economics*, December 2004, 88, 2635-2656.

Kim, Matthew, "Religious Attendance and Tax Incentives for Charitable Giving," March 2006, University of Wisconsin working paper.

\* Hungerman, D.M. "Are Church and State Substitutes? Evidence from the 1986 Welfare Reform." *Journal of Public Economics*, v. 89, December 2005, 2245-2268.

## 2. Externalities

Laffont, Chapter 1.

Coase, R., "The Problem of Social Cost," *Journal of Law and Economics*, 1960, 1--44.

Dixit, Avinash and Mancur Olson, "Does Voluntary Participation Undermine the Coase Theorem?" *Journal of Public Economics*, June 2000, 309-336.

\*\* Ebrill, L. and Steve Slutsky, "Time, Congestion and Public Goods," *Journal of Public Economics*, 1982, 307--335.

Sandholm, William, "Evolutionary Implementation and Congestion Pricing." *Review of Economic Studies* 69 (2002), 667-689.

Harden, Garret, "The Tragedy of the Commons," *Science*, 1968, December.

Bovenberg, A. Lans, and Ruud A. de Mooij, "Environmental Levies and Distortionary Taxation," *American Economic Review*, September 1994, 1085--1089.

Fullerton, Don, "Environmental Levies and Distortionary Taxation: Comment," *American Economic Review*, March 1997, 245--251.

\* Fullerton, Don, and Gilbert Metcalf, "Environmental Controls, Scarcity Rents, and Pre-existing Distortions," *Journal of Public Economics*, v 80, 2001, 249--67.

Metcalf, Gilbert E., "Environmental Levies and Distortionary Taxation," *Journal of Public Economics*, February 2003, 87(2), 313-322.

\* Andreoni, James, and Arik Levinson, "The Simple Analytics of the Environmental Kuznets Curve," *Journal of Public Economics*, v 80, 2001, 269-286.

Cremer, Helmut and Firouz Gahvari, "Second-Best Taxation of Emissions and Polluting Goods," *Journal of Public Economics*, 80, 2001, 169-198.

Greenwood, Jeremy and R. Preston McAfee, "Externalities and Asymmetric Information," *Quarterly Journal of Economics*, February 1991, 103--122.

\* Kotchen, Matthew J., "Green Markets and the Private Provision of Public Goods," *Journal of Political Economy*, v. 114, n. 4, August 2006, 816-834.

\* Bergstrom, Theodore C. "Benefit-Cost in a Benevolent Society," *American Economic Review*, v. 96, n. 1, March 2006, 339-351.

### **3. Collective Choice and Majority Voting**

Laffont, Chapters 2.5, 2.6, 4, "Collective Choice Theory."

\* Mueller, Public Choice, Chapters 4, 5 and 6.

Persson, Torsten and Guido Tabellini, "Political Economy and Public Finance," in Auerbach and Feldstein, eds., *Handbook of Public Economics*, 2001.

Caplin, A. and B. Nalebuff, "The 64% Majority Rule," *Econometrica*, July 1988.

Caplin, A. and B. Nalebuff "Aggregation and Social Choice: A Mean Voter Theorem," *Econometrica*, January 1991.

Levin, Jonathan and Barry Nalebuff, "An Introduction to Vote-Counting Schemes," *Journal of Economic Perspectives*, Winter 1995, 3--26.

Young, Peyton, "Optimal Voting Rules," *Journal of Economic Perspectives*, Winter 1995, 51--64.

- Osbourne, Martin and Al Slivinski, "A Model of Political Competition with Citizen-Candidates," *Quarterly Journal of Economics*, February 1996, 65--96.
- \*\* Besley, Timothy and Stephen Coate, "An Economic Model of Representative Democracy," *Quarterly Journal of Economics*, February 1997, 85--114.
- Lizzeri, Alessandro and Nicola Persico, "The Provision of Public Goods Under Alternative Electoral Incentives," *American Economic Review*, March 2001, 91(1), 225-240.
- \* Timothy J. Feddersen, "Rational Choice Theory and the Paradox of not Voting", *The Journal of Economic Perspectives*, Winter 2004, Volume 18, No.1, 99-112.
- Daniel Diermeier, Michael Keane, and Antonio Merlo, "A Political Economy Model of Congressional Careers." *American Economic Review*, March 2005, 347-373.
- Antonio Rangel, "How to Protect Future Generations Using Tax-Base Restrictions," *American Economic Review*, March 2005, 314-346.

#### 4. Preference Revelation and Implementation

- \* Varian, Hal R., *Microeconomic Analysis*, Third Edition, Sections 23.8 and 23.9 on the Groves/Clarke tax.
- Mueller, *Public Choice II*, Chapter 8.
- \*\* Laffont, Chapter 5, "Incomplete Information in Public Economics."
- Fudenberg, Drew and Jean Tirole, *Game Theory*, MIT Press, 1991, Chapter 7, "Bayesian Games and Mechanism Design."
- Groves T. and J. Ledyard, "Optimal Allocation of Public Goods: A Solution to the Free Rider Problem," *Econometrica*, 45, 1977, 783--810.
- Chen, Yan and Fang-Fang Tang, "Learning and Incentive-Compatible Mechanisms for Public Goods Provision: An Experimental Study," *Journal of Political Economy*, June 1998, v. 106 (3), 633--662.
- Bagnoli, Mark and Bart Lipman, "Provision of Public Goods: Fully Implementing the Core through Private Contributions," *Review of Economic Studies*, Oct 1989.
- Abreu, Dilip and Arunana Sen, "Virtual Implementation in Nash Equilibrium," *Econometrica*, July 1991, 997--1072.
- Sefton, M. and A. Yavas, "Abreu-Matsushima Mechanisms: Experimental Evidence," *Games and Economic Behavior*, v. 16(2), 280--302.
- Chung, Kim-Sau and Jeffrey C. Ely, "Implementation with Near-Complete Information," *Econometrica*, May 2003, 71(3), 857-872.
- \* Varian, Hal R., "A Solution to the Problem of Externalities and Public Goods When Agents are Well Informed," *American Economic Review*, December 1994, 84, 1278-1293.
- Andreoni, James and Hal R. Varian, "Preplay Contracting in Prisoner's Dilemma," *Proceedings of the National Academy of Sciences*, September/October, 1999.

- \*\* Admati, Anat and Motty Perry, "Joint Projects Without Commitment," *Review of Economic Studies*, v. 58, 1991, 259--76.
- \*\* Marx, Leslie and Steve Matthews, "Dynamic Voluntary Contributions to a Public Project," *Review of Economic Studies*, v 62(2), 2000, 327-58.
- Ledyard, John O. and Thomas R. Palfrey, "The Approximation of Efficient Public Good Mechanisms by Simple Voting Schemes," *Journal of Public Economics*, February 2002, 153-173.
- Yan Chen, "An experimental study of serial and average cost pricing mechanisms", *Journal of Public Economics*, Vol 87, Sept 2003, 2305-2336
- Gillmand, Sean and Thomas R. Palfrey, "An Experimental Comparison of Collective Choice Procedures for Excludable Public Goods" *Journal of Public Economics*, 2005.

## 5. Local Public Finance

### 5.1 Theoretical Issues: The Tiebout Hypothesis

- \* Tiebout, C., "A Pure Theory of Local Public Expenditures," *Journal of Political Economy*, 1956, 416--424.
- Scotchmer, Suzanne, "Local Public Goods and Clubs." *Handbook of Public Economics*, Ch 29, Vaolume 4, A.J. Auerbach and M. Feldstein, eds., 2002 Elsevier
- Stiglitz, Joseph E., "The Theory of Local Public Goods Twenty-five Years After Tiebout: A Perspective," in G.R. Zodrow, ed., *Local Provision of Public Services: The Tiebout Hypothesis After 25 Years*, Academic Press (New York), 1983.
- Bewely, T., "A Critique of Tiebout's Theory of Local Public Expenditures," *Econometrica*, 1982, 713--737.
- Scotchmer, Suzanne, "Public Goods and the Invisible Hand", in Quigley and Smolensky, eds., *Modern Public Finance*, Harvard Univ:Boston, 1994.
- Ellickson, B., B. Grodak, S. Schotchmer, and W. Zame, "Clubs and the Market." *Econometrica*, 1999, v67, 185-1218.
- \* Epplle, Dennis and Allen Zelenitz, "The Implications of Competition Among Jurisdictions: Does Tiebout Need Politics?" *Journal of Political Economy*, 1981, 1197--121.
- Oates, Wallace E., and Robert M. Schwab, "Economic Competition Among Jurisdictions: Efficiency Enhancing or Distortion Inducing?" *Journal of Public Economics*, v 25, 1988, 333--354.
- Levinson, Arik, "A Note on Environmental Federalism: Interpreting Some Contradictory Results," *Journal of Environmental Economics and Management*, 33 (3), 1997.
- Nechyba, Tom, "Local Property and State Income Taxes: The Role of Interjurisdictional Competition and Collusion," *Journal of Political Economy*, v.105, 1997, 351--384.
- \* Timothy Besley and Stephen Coate, "Centralized versus decentralized provision of local public goods: a political economy approach", *Journal of Public Economics*, Vol 87, Dec 2003, No. 12, 2611-2638



Conley, John P. and Hideo Konishi, "Migration-Proof Tiebout Equilibrium: Existence and Asymptotic Efficiency," *Journal of Public Economics*, 86, 2002, 243-262.

## 5.2 Empirical Issues: Tiebout Sorting, Federalism

Bergstrom, T. C. and R. Goodman, "Private Demands for Public Goods," *American Economic Review*, 1973.

Bergstrom, T. C., D. Rubinfeld, and P. Shapiro, "Micro-based Estimates of Demand Functions for Local Public School Expenditures," *Econometrica*, Vol. 50, September 1982, 1185--1205.

Bergstrom, Roberts, Rubinfeld, and Shapiro, "A Test for Efficiency in the Supply of Public Education," *Journal of Public Economics*, 1988, Vol. 35, 289--307.

Epple, Dennis, and Holger Sieg, "Estimating Equilibrium Models of Local Jurisdictions," *Journal of Political Economy*, 1999, 107(4), 645-681.

\* Epple, Dennis and Holger Sieg, "Interjurisdictional Sorting and Majority Rule: An Empirical Analysis," *Econometrica*, 69, 2001, 1437-66.

Paul W. Rhode and K Coleman S. Strumpf, "Assessing the Importance of Tiebout Sorting: Local Heterogeneity from 1850 to 1990", *The American Economic Review*, Dec 2003, Vol 93, No. 5, 1648-1677

Levinson, Arik, "NIMBY Taxes Matter: The Case of Hazardous Waste Disposal Taxes," *Journal of Public Economics*, 1999, 74.

\*\* Knight, Brian, "Endogenous Federal Grants and Crowd-out of State Government Spending: Theory and Evidence from the Federal Highway Aid Program," *American Economic Review*, March 2002, 92(1), 71-92.

Case, Anne C., Rosen, Harvey S., and Hines, James R., Jr., "Budget Spillovers and Fiscal Policy Interdependence: Evidence from the States", *Journal of Public Economics*, vol 52(3), October 1993, 285-307.

\* S. Calabrese, D. Epple, T. Romer, and H. Sieg, "Local Public Good Provision: Voting, Peer Effects, and Mobility." *Journal of Public Economics*, v 90, August 2006, 959-982.

## 5.2 Empirical Issues: Education

Hoxby, Caroline M. "The Productivity of Schools and Other Local Public Goods Producers," *Journal of Public Economics*, October 1999, 1-31.

\* Hoxby, Caroline M. "Does Competition Among Schools Benefit Students or Taxpayers?" *American Economic Review*, December 2000, 1209-1238.

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\* Nechyba, Thomas J., "Mobility, Targeting and Private School Vouchers," *American Economic Review*, March 2000, 130-146.

Barrow, Lisa, "School Choice Through Relocation: Evidence from the Washington, D.C. Area," *Journal of Public Economics*, November 2002, 86(2), 155-190.

Eric Brunner and Jon Sonstelie, "School finance reform and voluntary fiscal federalism", *Journal of Public Economics*, Vol 87, Sept 2003, 2157-2186

Eric A. Hanushek, John F. Kain and Steven G. Rivkin, "Disruption versus Tiebout improvement: the costs and benefits of switching schools", *Journal of Public Economics*, Vol 88, August 2004, 1721-1746

\* Lisa Barrow and Cecilia Elena Rouse, "Using market valuation to assess public school spending", *Journal of Public Economics*, Vol 88, August 2004, 1747-1770.

\* Julie B. Cullen, B.A. Jacob and Steven D. Levitt, "The Impact of School Choice on Student Outcomes: An Analysis of the Chicago Public Schools," *Journal of Public Economics*, June 2005, 89, 729-760.

\* Epple, Dennis, Richard Romano, and Holger Sieg, "Admission, Tuition, and Financial Aid Policies in the Market for Higher Education," *Econometrica*, v. 74, n. 4, July 2006, 885-928.

\* Cullen, Julie Berry, Brain N. Jacob, and Steven Levitt, "The Effect of School Choice on Participants: Evidence from Randomized Lotteries." *Econometrica*, V 74, n 5, September 2006, 1191-1230.

Baiker, K. and Nora Gordon, "The Effect of State Education Finance Reform on Total Local Resources." *Journal of Public Economics*, v 90, September 2006, 1519-1536.

## 6. Economics of the Family

Becker, Gary, "Altruism in the Family," in *Treatise on the Family, Enlarged Edition*, 1991, Chapter 8.

\* Bergstrom, T.C., "A Fresh Look at the Rotten Kid Theorem --- And Other Household Mysteries," *Journal of Political Economy*, 1989.

Lundberg, Shelly and Robert A. Pollack, "Separate Spheres Bargaining and the Marriage Market," *Journal of Political Economy*, v.101 (6), 988--1010.

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\* Lundberg, Shelly, Robert A. Pollack and T.J. Wales, "Do Husbands and Wives Pool Their Resources? Evidence from U.K. Child Benefit," *Journal of Human Resources*, 22, 1996, 463-480.

Chiaporri, P.-A. and Martin Browning, "Efficient Intra-Household Allocation : A General Characterization and Empirical Tests" *Econometrica*, 66 6, 1998, 1241-78

\*\* Chiaporri, P.-A, F. Bourguignon, M. Browning , and V. Lechene "Incomes and Outcomes : a Structural Model of Intra-Household Allocation", *Journal of Political Economy*, 1994, 1067-97.

Andreoni, James, Eleanor Brown, and Isaac Rischall, "Charitable Giving by Married Couples: Who Decides and Why Does it Matter?" *Journal of Human Resources*, 38(1), Winter 2003, 111-133.

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Bergstrom, T. C., "On the Evolution of Altruistic Ethical Rules for Siblings," *American Economic Review*, March 1995, 85, 58--81.

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\* Dickert-Conlin, Stacy. "Taxes and Transfers: Their Effect on the Decision to End a Marriage." *Journal of Public Economics*, v 73, 1999, 217--240.

Raquel Fernandez, Nezih Guner, and John Knowles, "Love and Money: A Theoretical and Empirical Analysis of Household Sorting and Inequality," *Quarterly Journal of Economics*, February 2005, 273-344.

## **7. Public Intervention in Markets for Private Goods**

### *7.1 Transfers In-Kind*

Bruce, Neil and Michael Waldman, "The Rotten Kid Theorem Meets the Samaritan's Dilemma," *Quarterly Journal of Economics*, 1990, 155-165.

\*\* Bruce, Neil and Michael Waldman, "Transfers in Kind, Why they can be Efficient and Non-Paternalistic," *American Economic Review*, December 1991, 1345--1351.

Coate, Stephen, Stephen Johnson and Richard Zeckhauser, "Pecuniary Redistribution through In-kind Programs," *Journal of Public Economics*, September 1994, 19--41.

\* Coate, Stephen, "Altruism, Samaritan's Dilemma and Government Transfer Policy," *American Economic Review*, March 1995, 46--57.

Besley, Tim and Stephen Coate, "The Design of Income Maintenance Programmes," *Review of Economic Studies*, 1995, 62, 187--221.

Peltzman, Sam, "The Effects of Subsidies In-kind on Private Expenditures: The Case of Higher Education," *Journal of Political Economy*, 1973, 1--27.

### *7.2 Mandated Benefits*

Summers, Larry, "Some Simple Economics of Mandated Benefits," *American Economic Review*, May 1989, 177-183.

Gruber, Jonathan, "State-Mandated Benefits and Employer-Provided Health Insurance," *Journal of Public Economics*, v. 55(3), 433--64.

Gruber, Jonathan, "The Incidence of Mandated Maternity Benefits," *American Economic Review*, v. 84(3), 1994, 622-41.

### *7.3 Public Provision of Private Goods*

Besley, T. and Stephen Coate, "Public Provision of Private Goods and the Redistribution of Income," *American Economic Review*, v. 81 (4), September 1991, 979--984.

- \*\* Epple, D. and R.E. Romano, "Competition Between Private and Public Schools, Vouchers, and Peer-Group Effects," *American Economic Review*, v.88 (1), March 1998, 33--62.
- Epple, D. and R.E. Romano, "Ends Against the Middle: Determining Public Service Provision When There Are Private Alternatives," *Journal of Public Economics*, v.62(3), November 1996, 297--325.
- \*\* Epple, D. and R.E. Romano, "Public Provision of Private Goods," *Journal of Political Economy*, v.104 (1), February 1996, 57--84.
- \* Dennis Epple, David Figlio and Richard Romano, "Competition between private and public schools: testing stratification and pricing predictions", *Journal of Public Economics*, Vol 88, July 2004, 1215-1246

#### 7.4 Preferences for Redistribution

- \*\* Piketty, T. (1995), "Social Mobility and Redistributive Politics", *Quarterly Journal of Economics*, 110(3), p. 551-584.
- Benabou, R. and E. A. Ok (2001), "Social Mobility and the Demand for Income Redistribution", *Quarterly Journal of Economics*.
- Luttmer, E. F. (2001), "Group Loyalty and the Taste for Redistribution", *Journal of Political Economy*, 109 (3), p. 500-528.
- Fong, C. (2001), "Social Preferences, Self-Interest, and the Demand for Redistribution", *Journal of Public Economics*, 82 (2).
- Louise Keely and Chih Ming Tan, "Understanding Preferences for Income Redistribution" working paper, University of Wisconsin, 2004.
- Lee, W. and J.E. Roemer, "Racism and Redistribution in the United States: A Solution to the Problem of American Exceptionalism," *Journal of Public Economics*, 90, August 2006, 1027-1052.

#### 8. Law and Economics

- Becker, Gary, "Crime and Punishment: An Economic Approach," *Journal of Political Economy*, 1968, 169--217.
- Polinsky and Shavell, "The Optimal Tradeoff Between the Probability and Magnitude of Fines," *American Economic Review*, December 1979, 880--891.
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