

## **EC134 Topics in Applied Economics (1a):**

Vera E. Troeger

### Topic 1: Capital and Corporate Tax Competition in Advanced Economies

#### Reading:

- \* John D. Wilson 1999: Theories of Tax Competition, *National Tax Journal* 52(2), 269-304.
- \* Bretschger, L. and F. Hettich 2002: Globalisation, Capital Mobility and Tax Competition: Theory and Evidence for OECD Countries, *European Journal of Political Economy* 18, 695-716.
- \* Vera Troeger 2013: Tax Competition and the Myth of the 'Race to the Bottom': Why Governments Still Tax Capital, *The CAGE-Chatham House Series*, No. 4, 2013.
- \* Thomas Plümper, Vera Troeger and Hannes Winner 2008: Why is there no Race to the Bottom in Capital Taxation? Tax Competition among Countries of Unequal Size, Different Levels of Budget Rigidities and Heterogeneous Fairness Norms, *International Studies Quarterly* 53 (3), 761-86.

Mark Hallerberg and Scott Basinger 1998: Internationalization and Changes in Tax Policy in OECD Countries: The Importance of Domestic Veto Players, *Comparative Political Studies* 31, 321-352.

Scott Basinger and Mark Hallerberg 2004: Remodeling the Competition for Capital: How Domestic Politics Erases the Race-to-the-Bottom, *American Political Science Review*, 98:2, 261-276.

Jude C. Hays 2003: Globalization and Capital Taxation in Consensus and Majoritarian Democracies, *World Politics* 56(1), 79-113.

### Topic 2: The Political Budget Cycle and Fiscal Strategies

#### Reading:

- \* Nordhaus, William D., 1975: The Political Business Cycle, in: *Review of Economic Studies* 42: 169-190.
- \* Kenneth Rogoff 1990: Equilibrium Political Budget Cycles, *American Economic Review* 80, 21 – 36.
- \* Drazen, Allan, 2000: The Political Business Cycle after 25 Years, in: *NBER Macroeconomics Annual* 15: 75-117.
- \* Alesina, Alberto and Nouriel Roubini, 1992: Political Cycles in OECD Economies, in: *Review of Economic Studies* 59: 663-88.

Shi, Min and Jakob Svensson 2006: Political Business Cycles: Do they Differ Across Countries and Why?, *Journal of Public Economics* 90, 1367-1389.

Franzese, Robert J., 2002: Electoral and Partisan Cycles in Economic Policies and Outcomes, in: *Annual Review of Political Science* 5: 369-421.

Christina J. Schneider and Vera E. Troeger 2012: Strategic Budgeteering and Debt Allocation, CAGE working paper 85/2012.

Alt, James E. and David Dreyer Lassen, 2006a: Transparency, Political Polarization, and Political Budget Cycles in OECD Countries, in: American Journal of Political Science 50(3): 530-550.

Alt, James E. and David Dreyer Lassen, 2006b: Fiscal Transparency, Political Parties, and Debt in OECD Countries, in: European Economic Review 50: 1403-1439.

Drazen, Allan and Marcela Eslava, 2005: Electoral Manipulation via Expenditure Composition: Theory and Evidence, in: NBER Working Paper No. W11085.

### Topic 3: Monetary Policy in Open Economies: Currency Unions and Fear of Floating

#### Reading:

\* Thomas Plümper and Vera E. Troeger 2008: Fear of Floating and the External Effects of Currency Unions, American Journal of Political Science 52 (3), 656-676.

\* Alberto Alesina and Robert J. Barro 2002: Currency Unions, Quarterly Journal of Economics, 409-436.

\* Calvo, Guillermo A., and Carmen M. Reinhart 2002: Fear of Floating, Quarterly Journal of Economics 117, 379-408.

Shambaugh, Jay C. 2004: The Effect of Fixed Exchange Rates on Monetary Policy, Quarterly Journal of Economics 119, 301-352.

G.S. Tavlas 2003: The Economics of Exchange-Rate Regimes: A Review Essay. The World Economy 26 (8), 1215-1246.

Maurice Obstfeld and Kenneth Rogoff 1995: The Mirage of Fixed Exchange Rates, Journal of Economic Perspectives 9 (4). 73-96.

\* required reading