PUBP 710-013: Global Tax Policy
Syllabus [Preliminary Draft, subjected to change]- Updated April 20, 2017

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Course Description

“What are the effects of tax policies on economic and social outcomes? Should developing countries follow the developed countries’ tax system? How do we raise tax revenue where tax evasion is rampant?” These are some examples of questions that we will examine in this class. Students will also have many opportunities to follow their own curiosities and interests in different aspects of tax policies.

Taxes are half of what government does and are the main sources of government revenue. If you are interested in what government policy can do to promote efficiency, equity, and economic development, you should be interested in tax policy. In this course, we will develop the interdisciplinary tools of policy analysis and economics to engage in the tax policy discussion at the national and international levels. Countries in our readings include: the US, the EU countries, countries in Africa, Russia, Poland, Vietnam, Chile, Pakistan, etc.

The course is divided into four broad units. We will first review the basic theories of taxes. We will then discuss the empirical evidence of tax policies in developed countries. Topics on taxes in developing countries will follow. Finally, we will wrap up with international tax issues.

Course Objectives

- Acquire an in-depth understanding of the principles and analytical methods of taxation, and to apply these to current policy issues.
- Develop valuable skills in working in policy, which include:
  - Developing a critical and curious eye when reading research findings.
  - Presenting complicated theory and data analysis to general audience in both oral and written formats.
  - Engaging in policy discussions, presentations, and debates
  - Providing critical and constructive feedback to their peers

Prerequisites: basic knowledge about statistical methods (up to multiple regressions) and basic knowledge about demand and supply curves. Basic statistics are covered in PUBP/GOVT/PUAD 511, ITRN 501, or other courses that you have taken at Mason or elsewhere. Demand and supply curves are covered in PUBP 720, ITRN 504, PUAD 613, or other courses that you have taken at Mason or elsewhere. If you have any questions or concerns about your level of preparation, please do not hesitate to contact me.

Grading: Your grade will be determined as follows:

- QREx presentations: 20%.
- One-page QREx policy memos: 20%.
Written feedback on QREx presentations: 10%.
Policy debates: 20%.
A final paper: 25%
Class participation: 5%

QREx (Question—Research—Explain): The QREx is a new, simple pedagogical tool designed to encourage students to follow their own curiosity and help them improve scientific communication skills. Each unit in this course consists of instructor’s lectures followed by 1 or 2 QREx sessions. At the end of the lecture, students will be asked to come up with their own policy-relevant questions regarding the lecture material. Some examples of questions are:

- How does X policy affect Y?
- Through what channels does X policy affect Y?

Any questions that are policy-relevant and lead to students’ own logical hypotheses are suitable. After lecture, students will do literature search to address their questions and make 20 min presentations, which should include: 1) their questions; 2) their own logical answers; 3) what they found from their readings and primary literature; 4) what is still unknown. Each presentation will be followed by a 5 min Q&A session and non-presenters will provide their written feedback.

QREx Policy memos: Students will also write a one-page policy memo for each QREX presentation that they give. The policy memo is to distill complicated theory and data analysis to the general audience. I will post more detailed instructions on the structure of these briefer memos to the course website.

Written feedback on QREx presentations: If you are not presenting, you will randomly be asked to provide feedback to the presenter. Detailed rubrics will be posted on the course website.

Debates: We will devote two sessions this semester to holding mock debates. The debates will allow us to apply the knowledge we learn in class, but you will be further challenged by having to argue different sides of the issues. Students will be assigned to different teams, and each team will be assigned a role for each debate. Deliverables for these group projects will be described in a detailed assignment description posted on the course website.

Final paper: Students have two options for their final papers:

- Option 1: Complete a five page policy memo on the topic of your choice. Compared to the one page “briefer” memos, this longer memo is designed to mimic a more involved analysis request from policymakers. These papers must present empirical evidence (preferably regression analysis or similar quantitative methods), and engage substantively with economic theory and public policy. In a way, it is a five-page combination of a QREx presentation and a QREx one-page policy memo.

- Option 2: A two-to-three page research proposal includes your research question, literature review and your contributions, available data, and your potential method.
Students will submit an outline of their paper **three weeks** before the due date. I will return them with feedback two week before the due date. Details and due dates will be posted on the course website.

**Textbook and Readings:** TBA

**Topics:**

I. **Tax Policy Basics**
   1) Tax incidence:
      *When a tax is imposed, who pay and how much?*
   2) Taxation and efficiency
   3) Taxation and equity
      *What does a “fair” tax system look like?*
   4) Tradeoff between efficiency and equity
   5) Tax evasion and enforcement
      *The costs and benefits of tax evasion, compliance, and enforcement*

II. **Taxes in Developed Countries**
   1) An overview of the Tax System in the US and in countries in the EU
   2) How taxation affects economic outcomes, growth, and prosperity
   3) Taxation and social outcomes

III. **Taxes in Developing and Transitional Economies**
   1) The tax system in developing countries: Many “puzzles”
   2) Tax evasions and enforcement: determinants, effects, and policies
   3) Reforming tax administration and fighting corruption and evasion: ideas, case studies, and evidence
   4) Taxes and the informal sector
   5) How taxation affects economic outcomes, growth, and prosperity

IV. **International Tax Issues**
   1) Which countries become tax havens?
   2) Multinational corporations and taxes
   3) Bilateral tax agreements.