Overview: This course provides graduate-level discussion of topics in public finance. It is the second half of the year-long graduate public finance sequence.

Objectives: This course aims to provide a general model of household behavior in a dynamic context. The main theme of the course is the identification of the main determinants of individual household choices and how they are affected by preferences, the processes that give access to resources over time and markets. The course will cover both theoretical and empirical applications. It has at its base the life cycle model of individual behavior, interpreted in a fairly broad way.

We will start with a very simple version of the model and discuss briefly how this approach was born in the economic literature. The main purpose of the first part of the course is to isolate the main drivers and ideas behind this model, at the cost of strong and somewhat unrealistic assumption. We will show, however, that even a very simple version of the model has a practical use and provides useful insights. We then move on to make the model more complex and more realistic. We will do so by adding several levels of complications to its main components: preferences, processes and markets.

For teaching this course, the instructor will use several chapters of a textbook he is writing in collaboration with Hamish Low and Guglielmo Weber with materials provided as they are reviewed. In addition to the reading list, students will be provided with a list of papers that will be touched upon and that are somewhat relevant. Papers marked ** are required readings.

Semester offered: Spring