

**Fiscal Incidence Analysis**  
**Independent Study (3 credits)**  
**Graduate Course**  
**ECON 7990-73 (Enrique de la Rosa)**  
**Spring 2017**

**Time: As required**

**Location: Through Skype (Faculty is on sabbatical in Argentina)**

**Instructor**

Nora Lustig

Samuel Z. Stone Professor of Latin American Economics

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*Office Hours:* By appointment. To request an appointment please send an email to the above address.

**Stata Tutorials:** not applicable.

**Course Description**

This course covers the theory and practice of fiscal incidence analysis. Student will learn theories and methods, and apply them to a particular country. Selected country: Mexico.

**Pre-requisites:** Doctoral level Microeconomics, Macroeconomics and Econometrics.

**Objective**

The objective of the course is to train students in the quantitative fiscal incidence analysis.

**Learning Outcomes**

- i. Understand and apply fiscal incidence analysis
- ii. Produce a first draft of fiscal incidence analysis on a country of choice to be used as input for field paper and one dissertation essay.

**Program Outcomes**

This course contributes to the program outcomes for the Ph.D. degree in Economics by allowing students to demonstrate competency in their field of concentration: inequality and poverty analysis.

**Organization**

The course will be conducted as a seminar and there will be several in-class workshops and Stata tutorials. Careful and critical reading of the materials is a key component of this course. The class will consist of lectures and workshops, four Stata sessions and two in-class presentations.

**Technology**

You will need to look for data during class so please bring a laptop. Stata 13.

**Evaluation and Grading**

The evaluation is based on the fiscal incidence exercise for Mexico (100 percent), including:

- indirect effects using input-output matrix and methodology in Chapter 6 of Handbook.

- testing of alternative options to correct for under-reporting and under-representation of incomes at the top.
- completion of information as required by description/schedule below. Final version: Due on May 13.

### Academic honesty

All students must be familiar with and abide by Tulane's Code of Academic Conduct, which is available online at <http://tulane.edu/college/code.cfm>

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## Readings

Lustig, Nora, editor. Forthcoming. Commitment to Equity Handbook. A Guide to Estimating the Impact of Fiscal Policy on Inequality and Poverty (Brookings Institution and CEQ Institute, Tulane University). [Online version available in [www.commitmenttoequity.org](http://www.commitmenttoequity.org)]

F. Bourguignon, L. Pereira da Silva and N. Stern, *Evaluating the Poverty Impact of Economic Policies: Some Analytical Challenges*. Washington DC: The World Bank.

Lambert, Peter. 2001. *The Distribution and Redistribution of Income*. Third Edition. Manchester University Press. Chapter 11.

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### CEQ Assessment for Mexico 2014

Working under the guidance of the Professor Lustig and Maynor Cabrera (CEQ Director of Projects), the student will complete the following tasks:

- I. Review section A and complete sections B and C of the Master Workbook of Results (most up-to-date template).
  - a. Sections A and B: All figures and tables should include sources, including specific page numbers and hyperlinks when applicable.
  - b. Complete section C on methodological assumptions of the MWB, specifying sources when applicable, including specific page numbers and hyperlinks when applicable.

**DELIVERABLE 1:** Master Workbook of Results with section A reviewed and sections B and C completed. **DATE: June 3**

- II. Generate the Harmonized Microdata of Income Concepts and Fiscal Interventions.
  - a. Using instructions in chapter 5 and, if you use and input-output table to estimate the indirect effects of indirect taxes and subsidies, chapter 6 of the CEQ Handbook 2016, produce do files that generate a data set with variables for each of the CEQ core income concepts and fiscal interventions. Due to methodological changes introduced in the CEQ Handbook 2016, this requires modifying previous code, and ensuring that the code is well-commented and can be understood by other users. The deliverables from this include

**DELIVERABLE 2:** The *do files* that clean the raw data available from the national statistical agency and create from the cleaned data the CEQ core income concepts and fiscal interventions. **DATE: June 9th**

**DELIVERABLE 3:** The resulting microdata (that results from the *do files* described directly above) for each income concept and fiscal intervention at the household level. **DATE: June 9th**

Complete sections D and E of the MWB using the CEQ Stata Package.  
**DATE: June 12th**

Your deliverables will be subject to CEQ Quality Assurance protocol led by Maynor Cabrera. As discrepancies and/or errors are discovered during the quality assurance process you will need to revise the deliverables 1, 2 and 3 as necessary.