

ECON 440-1: ANALYSIS OF PUBLIC FINANCE
SPRING SEMESTER, 2016: 2:00 – 3:15 Tuesday/Thursday

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Office Hours: Tuesdays and Thursdays:
1:00-1:45pm & 3:15-4pm (or by appointment)

This course is a course in applied microeconomics. The prerequisite is Econ 410 (or 310), in which you are presumed to have learned the micro-analytic techniques which will be used in this course to better understand and evaluate the budgetary activities of government, whether Federal, state or local. This course will not deal with the macroeconomic topic of fiscal policy, which though very important is more appropriately covered in a course such as Econ 420. The required reading comes primarily from Public Finance and Public Policy (5th ed.) by Jonathan Gruber. There are also two short essays in the required CoursePak, which can be purchased at Student Stores. Several reserve readings have been added (texts by Tresch and Hyman). The lecture-discussions and the CoursePak case-exercises will significantly extend much of the text material; therefore class attendance is strongly recommended.

Two hour-exams are scheduled in this course. They will each count for 25% of your course grade, with the remaining 50% coming from the final exam. There will be no make-up tests. Failure to take a test must be discussed with me promptly, preferably beforehand.

READING ASSIGNMENTS in Gruber's Public Finance and Public Policy (4th edition)

Jan. 12: Introduction: chapter 1 and 2.1

14: Market efficiency and failures: chap. 2.3 and CoursePak Cases A, C, and E1

19: Externalities: chap 5-6 and Case F

21-26: Externality-type Social Goods: chap. 7 and Cases B, D, and E2

28-Feb.2: Natural monopoly social goods: R. Tresch, chap. 7 (on reserve) and Cases G,H,I

Feb. 4-9: Public Choice by voting: chap. 9.1-9.3 and Wilde essay ("Voter-consumers and economic behavior") in CoursePak and Case J

FEBRUARY 11: (Thursday): HOOR EXAM (Review session on 2/10)

Feb. 16-18: Public Supply by Bureaucracy: chap. 9.4-9.5 and Wilde essay ("Bureaucracy and Public Choice") in CoursePak and Case K

23: Program analysis: chap. 8

25-3/1: Redistribution: chap. 17

March 3-8: Social Security: chap. 13

10: Revenue Principles: chap. 19.1-19.3

MARCH 14-18: SPRING BREAK

22: Tax efficiency: chap. 20.1, 22.1-22.2 and D. Hyman, pp. 427-450 (on reserve)

MARCH 24: (Thursday): HOOR EXAM (Review session on 3/23)

29-31: Personal income taxation and behavior: chap. 2.2, 21.2-21.2 and CoursePak work problem

April 5: Form 1040 of the Personal Income Tax

7: Corporate Income taxation: chap. 24

12-14: Property taxation: D. Hyman: pp.642-666 (on reserve)

19: Deficit Financing: chap. 4

21-26: Fiscal Federalism: chap. 10

MAY 5(Thursday): FINAL EXAM: 12-3 pm (Review session on Wednesday, 5/ 4)