

Economics 450
Public Finance
Revised January 14, 2009

This course is a survey of the ways which local, state, and federal governments spend and raise revenues. In particular, we will evaluate social programs such as social security, unemployment insurance, and medicare. We will also examine ways in which governments raise revenues, including personal income taxes, taxes on corporations, retail taxes, and estate taxes and explore questions of efficiency versus equity.

Course Website

<http://sites.google.com/site/kwakecon450/>

My Office Hours

Mondays and Fridays 1-2pm, 531 Saunders Hall

Course Materials

Required textbook: Harvey S. Rosen, *Public Finance*, 8th Edition.

Access to www.jstor.org

Requirements and Grades

Final class grades will be based on the following:

Quizzes	10%
Problem Sets	20%
Paper project	20%
Final Exam	50%

There are no makeup quizzes. Students are strongly encouraged to attend and participate in class discussions. The final will be held according to the University's final exam schedule. There are NO MAKEUP EXAMS so it is essential that you be able to attend these dates. If you require any disability-related special accommodations for exams, please speak to me the first week of class so that we can make appropriate arrangements.

Lecture Schedule and Readings

A complete reading schedule will be passed out the first week of instruction. The lecture schedule will roughly follow the order of topics followed in the Rosen textbook.

Paper project

Each student is required to select a topic discussed in the course and write a 10 to 15-page paper. The purpose of the exercise is to explore lecture topics in greater depth. Papers should ask a question, present a literature review, provide institutional details, propose answers to the question asked, critique answers given by other researchers, and draw conclusions.

I will ask you to make an appointment to meet with me to propose a topic for your paper sometime in March. Please bring a two-page proposal outlining your question to this meeting.

Further information on the paper will be provided in class during the semester.

Final Exam

The final exam questions will follow the format of the quiz questions. The exam will be used to test knowledge of the material presented in lectures and in the textbook.

Lecture Schedule and Problem Sets

Week 1

- 1/12 (M) **Course Overview**
Rosen, Ch 1
- 1/14 (W) **Tools**
Rosen, Ch 2, 3

GOVERNMENT EXPENDITURES

Week 2

- 1/19 (M) **Holiday**
No class
- 1/21 (W) **Public Goods**
Rosen, Ch 4

Week 3

- 1/26 (M) **Externalities**
Rosen Ch 5
- 1/28 (W) **Externalities**
Rosen Ch 5

Week 4

- 2/2 (M) **Political Economy**
Ch 6
- 2/4 (W) **Political Economy**
Ch 6

Week 5

- 2/9 (M) **Welfare Programs**
Rosen, Ch 12, 13
- 2/11 (W) **Welfare Programs**
Rosen, Ch 12, 13

Week 6

- 2/16 (M) **Holiday**
No class
- 2/18 (W) **Welfare Programs**
Rosen, Ch 12, 13

Week 7

- 2/23 (M) **Welfare Programs**
Rosen, Ch 12, 13
- 2/25 (W) **Welfare Programs**
Rosen, Ch 12, 13

Week 8

- 3/2 (M) **Education**
Rosen, Ch 7
- 3/4 (W) **Education**
Rosen, Ch 7

Week 9

- 3/9 (M) **Social Insurance—Social Security**
Rosen, Ch 11
- 3/11 (W) **Social Insurance—Health**
Rosen, Ch 9, 10

GOVERNMENT REVENUES

Week 10

- 3/16 (M) **Taxation and Efficiency**
Rosen, Ch 14, 15
- 3/18 (W) **Taxation and Efficiency**
Rosen, Ch 14, 15

SPRING BREAK

Week 11

- 3/30 (M) **Taxation and Equity**
Rosen, Ch 16
- 4/1 (W) **Taxation and Equity**
Rosen, Ch 16

Week 12

- 4/6 (M) **The Personal Income Tax**
Rosen, Ch 17
- 4/8 (W) **The Personal Income Tax**
Rosen, Ch 17
*** Paper proposal DUE***

Week 13

- 4/13 (M) **Personal Taxation and Behavior**
Rosen, Ch 18
- 4/15 (W) **Personal Taxation and Behavior**
Rosen, Ch 18

Week 14

- 4/20 (M) **Corporate Taxation**
Rosen, Ch 19
- 4/22 (W) **Deficit Finance**
Rosen, Ch 20

Week 15

- 4/27 (M) **Wealth Taxes**
Rosen, Ch 21
- 4/29 (W) **Fiscal Federalism**
Rosen, Ch 22

Week 16

- 5/4 (M) **Last Lecture-- Review**
Paper project DUE