

**UNIVERSITY OF GEORGIA
DEPARTMENT OF ECONOMICS**

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ECONOMICS 4300
PUBLIC SECTOR ECONOMICS

FALL 2012

SLC 275: T/Th 12:30 - 1:45

OFFICE: 527 Brooks Hall

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OFFICE HOURS: Tuesday 10:00-12:00 or by appointment if you are not free then

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NATURE OF SYLLABUS: The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

COURSE DESCRIPTION: From the University Catalog – Government's economic role, with discussions of what governments should (or shouldn't) do, and of what they do in fact. Major tax and spending programs are critically examined, and proposals for changing them are considered. Prerequisite: Econ 4010.

COURSE OBJECTIVES: The objectives of this class are to acquire a working knowledge of federal, state, and local tax and expenditure systems. The course will provide you with an in-depth understanding of the economic principles – institutional, theoretical, and empirical – of taxation and spending, and will help you to apply the knowledge and principles to current policy issues as well as to fundamental policy reform options.

TEXTBOOKS AND READINGS: The texts for the class are *Taxing Ourselves: A Citizen's Guide to the Great Debate Over Tax Reform* (fourth edition, MIT Press, 2008) by Joel Slemrod and Jon Bakija and *Public Finance* (ninth edition, McGraw Hill, 2010) by Harvey Rosen and Ted Gayer. Almost all chapters of the books are assigned and you should have access to a copy of each. You must purchase the fourth edition of the Slemrod and Bakija text as the issues presented within it are time sensitive. If you elect to purchase an older edition of the Rosen and Gayer book, it is your responsibility to make sure you are reading the correct chapters and doing the correct assignments and I cannot help you with this.

To allow us to address some topics in greater detail, additional readings – including newspaper articles and academic journal articles – will be assigned and will be made available online through the course webpage. These articles are important to highlight current

policy debates and additional materials not covered in the texts. The materials in these readings are fair game for examinations and should be regarded as equal to the text in importance.

GRADES: Grades for the class will be assigned based on the following information and will be determined based on your rank ordered position within the class. The class will feature homework assignments, midterms and a final, and a term paper, each of which are described in detail below. In addition, you have the opportunity to get extra points through “the boost.” Examinations earlier in the course are given less weight so that you can become familiar with my teaching and evaluation methods.

Requirement	% of Final Grade
Homework	4%
Midterm 1	20%
Midterm 2	21%
Final Exam	35%
Paper	20%

HOMEWORK: Homework problems will be assigned almost every week following Thursday’s class. Homework will be “due” in class on Tuesday. Not every homework will be collected. I will collect three assignments randomly during the semester at the start of, during the middle of, or at the end of class on Tuesday. You must be present in class when the homework is collected to turn it in for a grade. Of the three randomly collected homework assignments, your two best assignments will count for your final course grade. This means that if you miss one class when homework is collected because of illness or an emergency, you do not need to worry because that homework will be dropped. There are no additional makeups if you miss two classes. Homework is graded on a 0, 1, or 2 point scale. While some attention will be paid to the accuracy of your answers, most of your grade will be based on effort. In general, you will receive a 2 if you put in an excellent amount of effort as evidenced by the neatness and level of detail to the work. A score of 1 will be awarded if the effort is satisfactory. A score of 0 will be awarded if your write up is unsatisfactory or if you do not turn in solutions. If you do not staple your work, you will receive a score of 0.

Feel free to work together on homework. Each student is required to write up and submit *independent* answer sheets. This means that word-for-word copies will *not* be accepted and will be viewed as academic dishonesty. If you work with other students, you must list the students in your study group at the top of your assignment. Failure to do so will merit a score of 0.

EXAMS: Exams will be given in class on the days 9/27 and 11/15. The second midterm test will be cumulative, but will focus on newer material. The tests will cover the material presented in class up to and including the class preceding the exam, along with all homework assignments and all assigned readings. The final exam will be given on December 6 at 12:00-3:00. The final exam will be cumulative and will give equal weight to all material.

As this is the first time I have taught this class, no practice exams are available. For this reason, the midterms are given the least weight so that you can become familiar with me. I will provide more information about examinations in class prior to the exam.

A student who misses a test without making prior arrangements that are then excused will receive a grade of zero on that exam. No makeups will be given for the midterm examinations. If you have a conflict with an exam date that you already know about, you should contact me immediately to determine if you should remain in the class. Otherwise, exam absences will only be excused in the case of a documented extreme illness or a documented family emergency and only if you contact me *prior to the exam*. If you have a midterm examination excused, additional weight will be given to other course components. If you miss your final exam for an excused reason, you will take an oral examination with the instructor. If you miss the final exam for an unexcused reason, you will receive an "F" in the course. Depending upon why you missed a midterm or final exam, you may receive a zero on the exam even if the instructor receives an email from you prior to the exam; an exam is not considered excused until the instructor receives all documentation and notifies you of the decision to excuse the exam or not.

PAPER: You will be required to write a (roughly) 5-10 page research paper in which you analyze a current tax policy issue. More detailed information about this assignment will be provided after the first midterm examination. The paper is due on the last day that class meets. No late papers will be accepted. If you are worried about missing the last class, you can always turn the paper in early. I am happy to discuss your paper with you during the semester. In order to encourage you to begin work on your paper early, I will not discuss paper in person or via email after 11/13.

THE "BOOST": If you are worried about your progress in the course (starting after the first midterm examination), you have the opportunity to get extra credit in the course through additional weekly effort. To qualify for the boost, you must write a type-written journal of nine one-page weekly responses to newspaper articles about tax or spending issues. If you want to be eligible for the boost you must submit the journal on the last day of classes. Possible newspapers you can analyze are limited to *The Wall Street Journal*, *The New York Times* (see http://www.libs.uga.edu/serials/current_newspapers.html for access to paper copies), *The Financial Times* or *The Economist* (via Galileo). You must turn in a photocopy of the newspaper article you are analyzing with the article. To qualify for the boost, you must submit your own work, which will be verified by your selection of unique articles that should be randomly distinct from your classmates. Students who have received a score of zero on one or more graded homework assignment and students who do not complete the letter of introduction are ineligible for the boost. At most, the boost can raise your grade by 1/3 of a letter (for example, from a C+ to a B-). The boost will only be added in after final grades are calculated, so not doing this will have no effect on your final grade. Note that to receive the boost, you must start your journal immediately after the first midterm. Simply completing the journal does not guarantee a boost; I must deem the journal to be of satisfactory quality for you to receive it. More information will be posted.

LETTER OF INTRODUCTION: For the third lecture, please write a one-page letter of introduction of yourself to the instructor. Include your name and anything about yourself that you would like to share. If you have an extra actual or digital photo of yourself, attaching it to your letter will help the instructor learn your name. Your letter of introduction must be typed. It will not be graded nor returned, but is required to make yourself eligible for the boost.

RE-GRADE POLICY: If you believe your work was graded incorrectly, you must inform me in *writing* (not via email) and must attach the assignment within one week of the assignment being returned to the class. I will re-grade the entire assignment. It is possible for your grade to either rise or fall as a result.

ATTENDANCE: As a matter of course policy, I will not take attendance, and attendance is not an element of the final grade. However, attendance will be vital to learning the material and achieving the course objectives. If you miss class, it will be your responsibility to get information from your classmates about what was covered during the lecture. You should not inform me if you miss class unless an emergency merits you miss many classes.

ACCOMMODATIONS: If you require a university authorized accommodation, you must see me immediately and provide documentation before the end of August.

ACADEMIC HONESTY: As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: www.uga.edu/honesty. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor. Cases of cheating on exams or papers will result in a final grade of F being assigned for the course and the incident will be reported to university officials.

ELECTRONICS: Cell phones must be turned off and put away from sight during class. Laptops may be used in class, but only for purposes directly related to the course and can only be used if you are sitting in the rear of the classroom. One violation of this policy will result in the prohibition of laptops for the entire class. You are responsible for maintaining and checking your University email account on a daily basis. Please use your university account for your academic correspondence to me.

SCHEDULE: The following list indicates when we will cover various topics. All listed readings are required and additional required readings will be provided online. Specific topics may run earlier or later, depending on lectures. **R** stands for the Rosen and Gayer text and **S** stands for the Slemrod and Bakija text. Notes means that lecture notes are the main source.

Day	Lecture	Reading	Notes
8/14	Introduction	Syllabus, R1	
8/16	Micro Review	R Appendix, R2, R3	Away
8/21	Intro to Tax	S1, S2, S3	
8/23	Incidence / DWL	R14, R15	
8/28	US Income Tax	R17	
8/30	Optimal Income Tax	R16 (pp. 361-376)	
9/4	Behavioral Response	S4, R18	
9/6	Tax Evasion / Avoidance	S5	
9/11	Notches and Kinks	notes	
9/13	Empirical Tax Analysis	notes	
9/18	Corporate Taxation	R19	
9/20	Externalities	R5	
9/25	Cigarette Taxes, Estate Taxes	notes	
9/27	Exam		MT1
10/2	Optimal Commodity Taxes	R16 (pp. 352-361)	
10/4	VAT	S7	
10/9	Fiscal Federalism	R22 (pp. 506-517, 527-534)	
10/11	Tax Competition	notes	
10/16	State and Local	notes	
10/18	Property Taxes	R22 (pp.519-525)	
10/23	Tax Systems as a Whole	S6	
10/25	Public Goods	R4	
10/30	Political Economy	R6	
11/6	Health Care	R9, R10	Election Day
11/8	Social Security	R11	
11/13	The Fiscal Crisis	R20 , notes	
11/15	Exam		MT2
11/27	Income Redistribution	R12	
11/29	Fundamental Reform	S8, S9 , eLC reading	Paper due
12/6	Final Exam	Cumulative	12:00-3:00