

Course Mechanics:

Room: Park #144
Time: 12:30 PM – 1:45 PM

Professor: Jason S. Seligman
Office: G6 Brooks Hall (Ground Floor)
Office Hours: Wednesday 10AM – 12PM, and by appointment
Telephone: 706. 542. 4470
Class Website: <http://www.terry.uga.edu/~jseligma/>
Email: seligman@cviog.uga.edu

Course Introduction: This introductory course in public economics provides the student an opportunity to think about the proper role and administration of the public sector in the economy. We will examine the motivations for creating a public sector, its limited opportunities for intervention, and the impacts that arise.

At times we will focus on particular topic areas to better understand how different public policy with similar intention can vary impacts. Students will be encouraged to explore these impacts along five measures -- in terms of elegance, equity, and efficiency, as well as in terms of public and private finance outcomes.

When considering public finance, as well as taxation we will address intermediary financing options, both as a direct policy instrument, and as result from variation in projected and actual revenues and expenditures. Finally we will touch on tax expenditure, and their possible appeal and limitations in terms of our five measures.

Course Prerequisites: This course is an advanced topical course. Students are expected to have completed intermediary level macro and micro economics coursework. As one of the first areas developed in the discipline of economics both macro and micro economists have made significant contributions – both tool kits are very relevant to our work, as is a working knowledge of calculus.

Primary Text: *Public Finance and Public Policy.*
Jonathan Gruber, Worth Publishers NYNY

Other readings will be required each week after the introductory segment of the course. In the next month I will assign a reader engineered to enhance our understanding of topics and to introduce the student to the currency of our profession – the refereed journal article. You will be responsible for these readings as well.

Grading:

- Class Participation will be worth 10% of your grade
- Problem sets will be worth 15% of your grade in this course,
- Group projects will be worth 10% of your grade
- The midterm will be worth 25%
- A comprehensive final will comprise the remaining 40% of your grade.

You have the option of handing in a final paper on the last day of class. If you choose this option the paper will count for 20% of your final grade, and the final will comprise the remainder.

There will be no make-up exams. If you are absent from the midterm exam, the weight of that exam will be applied to your final. Failure to take the final exam at the scheduled time will result in a grade of zero. There are only 2 exceptions to this rule:

(1) Office of the Vice-President for Academic Affairs must verify that you have another exam scheduled for the same time or three exams scheduled on the same day. You must petition in advance to take the exam at another time (I recommend you check your calendar this week)

(2) Office of the Vice-President for Student Affairs verifies that you have a family emergency or personal illness, in which case you must arrange as soon as possible after the scheduled date to take the exam at another time.
If you know now that you will not be able to take the final exam at the scheduled time, then you should drop this course.

Academic Honesty: As a student you are responsible for adhering to UGA's Academic Honesty Policy (http://www.uga.edu/ovpi/academic_honesty/academic_honesty.htm). I encourage you to become familiar with the section on prohibited conduct (http://www.uga.edu/ovpi/academic_honesty/sect05.htm).

Class Attendance: Regular class attendance is expected. While there is no formal attendance policy, you should be aware of UGA academic regulations which allow the professor to withdraw students with excessive absences.
(<http://www.bulletin.uga.edu/bulletin/acad/Attendance>)

General Course Outline:

Jan 8: Initial Class Meeting

1. Jan 10: Gruber Ch 1. & 2. Motivation & General theoretical tools

2. Jan 15: Gruber Ch 4. Public Budgets – basic concepts

Finding the Proper Role

3. Jan 17: Gruber Ch 5. & 6. Externalities

4. Jan 22: Gruber Ch 7. Public Goods

5. Jan 24: Gruber Ch 8. Cost Benefit Analysis

6. Jan 29: Gruber Ch 9. Political Economy & Public Choice

7. Jan 31: Gruber Ch 10. State & Local Government
Tiebot - first article -

8. Feb 5: Gruber Ch. 12. Social Insurance

9. Feb 7: Gruber Ch 13. Social Security emphasis on pensions

10. Feb 12: Gruber Ch 14. Social Security emphasis on other insurance components

- 11. Feb 14: Gruber Ch 15 -16. Private & Public Health Insurance in the US
- 12. Feb 19: Policy Groups meet assignment 1
- 13. Feb 21: Policy Groups meet assignment 2

Funding Government Activities

- 14. Feb 26: Gruber Ch 18: Introduction to Taxation
- 15. Feb 28: Gruber Ch 19: Tax Incidence – Equity as a concern
- 16. Mar 4: Gruber Ch 20: Optimal Tax Constructs, Inefficiencies, and Implications
- 17. Mar 6: In class midterm

-- S P R I N G B R E A K --

- 18. Mar 18: Gruber Ch 21: Taxes on Labor
- 19. Mar 20: Gruber Ch 22: Taxes on Capital
- 20. Mar 25: Gruber Ch 23: Taxes on Consumption

Advanced Topics

- 21. Mar 27: Gruber Ch 3. Empirical Tools of Public Finance
- 22. Apr 1: Overlapping Generations – an introduction
- 23. Apr 3: Overlapping Generations Models - applications
Income & Consumption Taxes, Social Insurance & Capital Formation
- 24. Apr 8: Government debt – traditional roles.
- 25. Apr 10: Government debt – current issues, Public Savings in Context.
- 26. Apr 15: Gruber Ch 25. *Policy Group Roundtable on Debt & Tax Reform*
- 27. Apr 17: Tax Expenditures
- 28. Apr 22: Public Economics – Checks & Balances
- 29. Apr 24: Characteristics of Optimal Government
- 30. Apr 27: Last Class – Summary & Review

Exam: Tue, May 6, 2008 -- 12:00 - 3:00 pm
