Instructor: J. Fred Giertz, Professor of Economics

Time and Location: Tuesday and Thursday, 8:00-9:30 AM; 1065 Lincoln Hall

Text: Rosen and Gayer, Public Finance, 10th edition (older editions may be substituted) and Burman and Slemrod, Taxes in America: What Everyone Needs to Know

Supplementary Reading:
Shome, Tax Policy Handbook, IMF (S) Selected contents available on Google books website.
Tax Analysts, The VAT Reader (available on line)

Catalogue Description: Economics of Taxation
Credit: 4 hours.
Theoretical and empirical analysis of the impact of taxation on the economic system; topics include tax equity and excess burden, incentive effects of taxation, tax incidence, structure of major types of taxes (income, consumption, and wealth), normative tax analysis, and taxation in developing economies. Prerequisite: ECON 302 or ECON 500 or equivalent.

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Office Hours: By appointment (email, online or telephone)

Daily Class Schedule: http://classes.igpa.uiuc.edu/jgiertz/ECON510/Schedule510.htm

Course Outline: (See daily schedule for additional readings)

I. Introduction and Review
Overview, Rosen and Gayer, Ch. 1-3.
HM, Chs. 1, 3

II. Market Failure--Brief Overview
Public Goods, Rosen and Gayer, Ch. 4.
Externalities, Rosen and Gayer, Ch. 5. (Pigouvian taxes, environmental taxes, cap and trade) Nordhaus' Review of Stern Report

III. Principles of Taxation
Rosen and Gayer, Ch. 14-16.
Burman and Slemrod, entire book to be read over the first several weeks.
IV. Income Taxation
Rosen and Gayer, Ch. 17-18.
HM, Ch. 15.
Shome, pp. 50-54, 117-133.
Mankiw, Weinzierl, and Yagan, Journal of Economic Perspective, Fall 2009
Diamond and Saez, The Case for a Progressive Tax: From Basic Research to Policy Recommendations

V. Business Taxes
Corporate Taxation and Business Taxation, Rosen and Gayer, Ch. 19.
Bird, Why Tax Corporations?

VI. Consumption and Wealth Taxes
Consumption, Rosen and Gayer, Ch. 21.
HM, Ch. 14
Shome, pp. 71-74, 75-79, 80-81, 82-86, 86-99, and 169-176.
Viard, Capital Income Taxation: Reframing the Debate
Zodrow, Who Pays the Property Tax?

VII. Special Topics
Avoidance and Evasion, HM, Ch. 16.
Auerbach, Tax Reform in 21st Century
Financial Transaction Taxes, The Tobin Tax: A Review of the Evidence

Examinations:

There will be two examinations in the course including the final exam. Each exam (including the final) will be counted equally. The exams will consist of multiple choice, essay, and problem questions. Study questions will be provided to help prepare for the exams. Plus and minus grade options will be used in the class.

The midterm exams will be given in mid October. (Dates to be determined.) The final examination will be held 7:00--10:00 p.m., Thursday, December 16 in the regular classroom.

Project
Class Project.doc Each student will work on a project dealing with a tax policy topic.

Grading:

Plus and minus grade options will be used in the class. The course grade will be based on the following:

Exam grades: 80 percent (40 percent for each exam)

Class project: 20 percent