

Syllabus – Public Economics (ECON 411)

Spring 2019

9:30 a.m. - 10:50 a.m., Tuesdays and Thursdays
215B David Kinley Hall

Instructor: Benjamin M. Marx, Dept. of Economics

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Office: 28 David Kinley Hall, 217-300-1435

Office hours: Thurs 1:30-3:30pm. *Please email 2 days in advance if you wish to come to office hours.*

Course Website: Compass 2g (<https://compass2g.illinois.edu/webapps/login/>).

Course Description: This course examines the role of the public sector in the economy with an emphasis on government expenditure programs and tax policy. The aim of the course is to provide an understanding of the nature of government intervention in the economy and the response of individuals and firms to government programs and policies. The course explores both theoretical models and empirical evidence.

Textbook: Jonathan Gruber, Public Finance and Public Policy.

The most recent edition has the most up-to-date examples and discussions. Students are welcome to use earlier editions to save money, and will not be at a disadvantage in terms of exposure to the substantive material. The textbook has an associated website with many helpful resources for students.

Requirements (with % of Grade):

1) Two Midterm Exams (20% of course grade each) and a Final Exam (35% of course grade)

Students are required to take both exams on class exam dates. Make-up exams will be granted only to those students who communicate with the professor within 48 hours of the scheduled exam time and provide written verification of a reason that complies with University policy: medical conditions, religious observances, participation in University events at the request of University authorities, and compelling circumstances beyond your control. If a student misses an exam and cannot document a valid excuse, the grade will be recorded as a zero.

2) Three problem sets (15% of course grade)

Problem sets are due at the beginning of class and will be graded on a 3-point scale: 1-satisfactory, 2-good, 3-excellent. A solution set will be provided and it is the student's responsibility to compare all the answers. Any problem sets turned in late will automatically be graded down one point. Failure to turn in a problem set will result in a 0. Problem sets will not be accepted over email or beyond 24 hours after due date/time. Students are encouraged to work in small groups on problem sets, but it is a violation of the university honor code to copy another student's problem set. Each student must turn in her/his own problem set.

3) Six in-class quizzes (10% of course grade)

Quizzes will be given at the beginning of class and will not be announced in advance. The highest four out of six scores will be counted. Quizzes will be graded on a 3-point scale: 1-satisfactory, 2-good, 3-excellent. No make-up quizzes will be given.

Expectations of Students: Students are expected to read the assigned readings before the class in which they will be covered. Assigned problem sets are due by the beginning of class. Students who miss lectures are still responsible for the material that was covered.

Special Needs: Contact me by the 2nd class if you will require accommodation for special learning needs. To obtain disability-related academic adjustments and/or auxiliary aids, students with disabilities must contact the course instructor and the Disability Resources and Educational Services (DRES) as soon as possible. To contact DRES you may visit 1207 S. Oak St., Champaign, call 333-4603 (V/TTY), or e-mail a message to disability@uiuc.edu.

Campus Security: Campus general emergency response recommendations can be found at <http://police.illinois.edu/emergency/response/procedures/>. The floor plan for David Kinley Hall is available at <http://police.illinois.edu/emergencyplanning/floorplans/>.

Course Outline

(Note that this is tentative and will change; I will announce changes and post revisions)

<u>Lecture</u>		<u>Topic</u>
1	1/15	<u>Introduction to Public Finance</u> Gruber, Chapter 1
2	1/17, 1/22	<u>Theoretical Tools of Public Finance</u> Gruber, chapter 2
3	1/24	<u>Empirical Tools of Public Finance</u> Gruber, chapter 3
4	1/29	<u>Externalities</u> Gruber, chapters 5 & 6
5	1/31, 2/5	<u>Public Goods</u> Gruber Chapter 7
6	2/7	<u>Fiscal Federalism</u> Gruber, Chapter 10 * PSET 1 due *
7	2/12	<u>Cost-Benefit analysis</u> Gruber, chapter 8
	2/14	* Midterm Exam 1 *
8	2/19, 2/21	<u>Education</u> Gruber, Chapter 11
9	2/26	<u>Social Insurance</u> Gruber, Chapter 12
10	2/28, 3/5	<u>Social Security</u> Gruber, Chapter 13
11	3/7	<u>Unemployment Insurance, Disability Insurance, and Workers Compensation</u> Gruber, chapter 14 * PSET2 due *
12	3/12, 3/14	<u>Health Insurance Part I: Health Economics and Private Health Insurance</u>

*** Spring break ***

13	3/26	<u>Health Insurance Part II: Medicare and Medicaid</u> Gruber, Chapters 15 & 16
14	3/28	<u>Health Insurance Part III: Health Care Reform</u> Gruber, Chapter 16
	4/2	* Midterm Exam 2*
15	4/4, 4/9	<u>Income Distribution and Anti-Poverty Programs</u> - Poverty in the U.S. - Cash Transfer Programs - Earned Income Tax Credit Gruber, Chapters 17 and 21.3
16	4/11, 4/16	<u>Taxation: Background</u> Gruber, Chapter 18
17	4/18	<u>Tax Incidence</u> Gruber, Chapter 19 * PSET3 due *
18	4/23	<u>Taxation: Efficiency and Optimality Considerations</u> Gruber, Chapter 20
	4/25	Final exam review session

Final Exam – 5/9, 1:30-4:30 pm, probably in regular classroom