ECON 237: Public Economics, Spring 2016

Class meetings: 102 Hegeman, 3:10-4:30pm, Monday and Wednesday

Instructor: James Green-Armytage e-mail: armytage@bard.edu

Office: 213 Albee Hours: 3:00-4:00pm, Tues and Thurs, or by appointment

Course web site: inside.bard.edu/~armytage/teaching.html

Text

Jonathan Gruber, *Public Finance and Public Policy*, 3rd or 4th edition

Exam schedule

First test: Wednesday, March 2

Second test: Wednesday, April 13

Third test: Monday, May 23 (last day of class; don't buy a plane ticket for earlier!)

Class material by unit (chapters based on the 3rd edition)

Unit I: Foundations, externalities and public goods

Ch.1: Intro Ch.2: Basic theory

Ch.7: Public goods Ch.9: Political economy Chs.5-6: Externalities

Supplemental readings from Samuelson, Lindahl, Black, Hardin, Coase.

Models: Public goods with homogeneous & heterogeneous citizens. Externalities.

Unit II: Mostly about taxation

Ch.10: State and local public econ

Chs.18-20: Basic taxation theory

Chs.21-25: Taxes on labor, savings, wealth, and profit; tax reform

Supplemental readings from Tiebout, Mankiw et al, Diamond and Saez, George, Tideman.

Model: Ramsey taxation and optimal government size

Unit III: Mostly about social insurance and redistribution

Ch.4: Budget analysis Ch.11: Education

Ch.12: Social insurance Ch.13: Social Security

Ch.17: Income distribution and welfare programs

Supplemental readings: Rawls, Varian, Okun, Akerlof, Hochman and Rogers.

Models: Rawlsian redistribution. Averse selection.

Approximate grading scheme

Tests: 55% total for three exams
Problem sets: 5%
Attendance and class participation: 20%
Reflection and policy analysis: 20%

Policy analysis exercises

We'll do three rounds of policy analysis exercises.

• Initial posts: Each exercise consists of (1) proposing a policy change, (2) predicting behavioral responses, (3) identifying expected winners and losers, and (4) analyzing in terms of efficiency and equity.

• Comments: For each round, you should earn at least 3 points for making comments. Making the first comment on a post is worth 2 points; all other comments are worth one point each. You can also reply to comments on your own posts, but this doesn't give you any points.

• Deadlines:

Round 1: Initial post due Sunday, 2/21. Comments due Sunday, 3/6.
Round 2: Initial post due Sunday, 4/3. Comments due Sunday, 4/17.
Round 3: Initial post due Sunday, 5/8. Comments due Sunday, 5/29.

Reflections

• You will do about thirteen reflections on the readings over the course of the semester. These should be submitted by e-mail, in the form of plain text in e-mail's body. That is, don't use attachments except in the occasional case of charts etc. that can't be put in plain text form.

• Except when otherwise specified (i.e. there will be at least two guided reflections), the reflections will be mostly self-directed. The reflections can be written as a series of notes to yourself on the readings, recording first impressions, thoughts, questions, etc. Please do not worry about writing well here; this is much less a writing exercise than it is a nudge to get you somewhat invested in each reading before we discuss it.

Additional remarks

• The tests are a mixture of calculation, graphing, and written responses. They are cumulative, with an emphasis on recent material. The problem sets and reflections will help you to prepare for the tests.

• To make exam scores into exam grades, I first express each score as a fraction of the total number of points possible to get the raw score, and then raise the raw score to a fractional power to get the curved score. I calibrate the fractional power according to the difficulty of the exam. Then, scores from 0.9 to 1.0 are As, scores from 0.8 to 0.9 are Bs, etc. For example, a score of 36 points out of a possible 48 on an exam would be a raw score of 75%, and then a curved score of approximately 87% if I raised 0.75 to the power 0.5.A curved score of 87% is near the boundary between B and B+.