

ECON 237: Public Economics, Spring 2015

Class meetings: 204 Olin, 4:40-6:00pm, Tuesday and Thursday

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Office: 213 Albee Hours: 3:00-4:00pm, Tuesday and Thursday

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: Thursday, February 26

Second test: Thursday, April 9

Third test: Tuesday, May 19 (last day of class)

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.

Models: 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

Approximate grading scheme

Tests: 55% total for three exams

Problem sets: 5%

Attendance and class participation: 20%

Reflection and policy analysis: 20%

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+.
- We'll do two rounds of policy analysis exercises. The first 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. You should post your work to the course moodle page (the registration key is publicS15), and comment on each others' work.
- Other reflection assignments will focus mostly on the readings, i.e. the textbook chapters and supplementary articles.