

**UNIVERSITY OF GEORGIA
DEPARTMENT OF ECONOMICS**

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ECONOMICS 4300
PUBLIC SECTOR ECONOMICS

FALL 2014
Caldwell 203: MWF 2:30 -
3:20

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OFFICE HOURS: Monday from 3:20 - 5:20

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NATURE OF SYLLABUS: The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.

COURSE DESCRIPTION: From the University Catalog – Government's economic role, with discussions of what governments should (or shouldn't) do, and of what they do in fact. Major tax and spending programs are critically examined, and proposals for changing them are considered. Prerequisite: Econ 4010.

COURSE OBJECTIVES: The objectives of this class are to acquire a working knowledge of federal, state, and local tax and expenditure systems. The course will provide you with an in-depth understanding of the economic principles – institutional, theoretical, and empirical – of taxation and spending, and will help you to apply the knowledge and principles to current policy issues as well as to fundamental policy reform options.

ELC: We will use the elc system (www.elc.uga.edu) for this semester. It is important you check this website regularly as I will post assignments to elc and will use the announcements tool to send you important information.

TEXTBOOKS AND READINGS: The texts for the class are *Taxes in America: What Everyone Needs to Know* (first edition, Oxford Press, 2012) by Leonard Burman and Joel Slemrod and *Public Finance* (10th edition, McGraw Hill, 2014) by Harvey Rosen and Ted Gayer. To find the Rosen and Gayer book on amazon, type "public finance rosen gayer 10th" to make sure you get the 10th edition. Almost all chapters of the books are assigned and you should have access to a copy of each. If you elect to purchase an older edition of the Rosen and Gayer book, it is your responsibility to make sure you are reading the correct chapters and doing the correct assignments. In addition, a course-pack is available at

BelJean Copy (163 E. Broad Street). The course-pack is required and it contains all of the lecture slides for the course along with space for note-taking. Digital copies of the slides will *not* be provided.

To allow us to address some topics in greater detail, additional readings – including newspaper articles and academic journal articles – will be assigned and will be made available online through the course webpage. These articles are important to highlight current policy debates and additional materials not covered in the texts.

GRADES: Grades for the class will be assigned based on the following information and will be determined based on your rank ordered position within the class. The class will feature assignments, midterms and a final, and a term paper, each of which are described in detail below. In addition, you have the opportunity to get extra points through “the boost.” Examinations earlier in the course are given less weight so that you can become familiar with my teaching and evaluation methods.

Requirement	% of Final Grade
Empirical Exercise	5%
Midterm 1	20%
Midterm 2	20%
Final Exam	35%
Paper	20%

HOMEWORK: Homework problems assigned for each topic are listed on the last page of the syllabus. Homework will not be collected and will not be graded (except as noted in the homework file). Do not take the homework lightly because it is not graded. You should complete the homework after we cover the topic in class; if you have questions, you should ask me in office hours throughout the semester. If you do not do the homework, it is extremely likely that your grade in the course will be lower than desired. Unless noted in the packet, you may work in groups on the problems.

EMPIRICAL EXERCISE: Empirical techniques are increasingly important in economics. You will have one short assignment where you are asked to do some empirical work. The empirical assignment may include working with data to calculate averages or to make graphs, a critique of an empirical study, or a causal comparison using a differences-in-difference design. It will also include the collection of some problems in the homework packet. You will not have to do any econometrics to complete the exercise. You must work alone on this assignment and cannot discuss it with classmates; if you are suspected of working with other students on the assignment you will receive an F in the class. The assignment should take no longer than a regular homework assignment.

EXAMS: Exams will be given in class on the days 9/29 and 11/14. The second midterm test will focus on newer material. The tests will cover the material presented in class up to and including the class preceding the exam, along with all homework assignments and all assigned readings. The final exam will be given on December 12 from 3:30-6:30. The

final exam will be cumulative.

A student who misses a test without making prior arrangements will receive a grade of zero on that exam. No makeups will be given for the midterm examinations. If you have a conflict with an exam date that you already know about, you should contact me immediately and consider taking the course next semester. Exam absences will only be excused in the case of a documented extreme illness or a documented family emergency and only if you contact me *prior to the exam*. If you contact me after the exam, you will receive a zero. If you have a midterm examination excused, additional weight will be given to other course components. If you miss your final exam for an excused reason, you will take an oral examination with the instructor. If you miss the final exam for an unexcused reason, you will receive an "F" in the course. Depending upon why you missed a midterm or final exam, you may receive a zero on the exam even if the instructor receives an email from you prior to the exam; an exam is not considered excused until the instructor receives all documentation and notifies you of the decision to excuse the exam or not.

PAPER: You will be required to write a (roughly) 5 page research paper in which you analyze a current tax policy issue. More detailed information about this assignment will be provided before the first midterm examination. The paper will be due on December 5. No late papers will be accepted. If you are worried about missing the due date, you can always turn the paper in early. I am happy to discuss your paper with you during the semester. In order to encourage you to begin work on your paper early, I will only discuss paper in person or via email more than one week prior to the due date.

THE "BOOST": If you are worried about your progress in the course, you have the opportunity to get extra credit in the course through additional effort. If you wish to complete the boost, you must see me by the end of October. I will assign you a book that you will read and conduct analysis on – in the form of a book report and / or presentation. To qualify for the boost, you must submit your own work, which will be verified by selecting a different book than your classmates. Students who do not complete all parts of the empirical exercise, who get penalized for non-attendance, and/or students who do not complete the letter of introduction are ineligible for the boost. At most, the boost can raise your grade by 1/3 of a letter (for example, from a C+ to a B-). The boost will only be added in after final grades are calculated, so not doing this will have no effect on your final grade. Simply completing the assignment does not guarantee a boost; I must deem the work to be of satisfactory quality for you to receive it. More information will be posted on elc.

LETTER OF INTRODUCTION: For the fifth lecture (8/27), please write a one-page letter of introduction of yourself to the instructor. Include your name and anything about yourself that you would like to share. If you have an extra actual or digital photo of yourself, attaching it to your letter will help the instructor learn your name. Your letter of introduction must be typed. It will not be graded nor returned, but is required to make yourself eligible for the boost. In addition to completing the letter of introduction, please upload a photo of yourself to elc (click: your name in the upper right corner and then click profile).

RE-GRADE POLICY: If you believe your work was graded incorrectly, you must inform me in *writing* (not via email) and must attach the assignment within one week of the assignment being returned to the class. I will re-grade the entire assignment. It is possible for your grade to either rise or fall as a result.

ATTENDANCE: As a matter of course policy, I will generally not take attendance. If attendance is lagging during the semester, I reserve the right to randomly take attendance and to adjust your final grade downward by a third of a letter grade for missed classes. Attendance will be vital to learning the material and achieving the course objectives. If you miss class, it will be your responsibility to get information from your classmates about what was covered during the lecture. You should not inform me if you miss class unless an emergency merits you miss many classes. UGA academic regulations authorize a professor to withdraw students with excessive absences and I will exercise that authority.

ACCOMMODATIONS: If you require a university authorized accommodation, you must see me immediately and provide documentation before the end of August.

ACADEMIC HONESTY: As a University of Georgia student, you have agreed to abide by the University's academic honesty policy, "A Culture of Honesty," and the Student Honor Code. All academic work must meet the standards described in "A Culture of Honesty" found at: www.uga.edu/honesty. Lack of knowledge of the academic honesty policy is not a reasonable explanation for a violation. Questions related to course assignments and the academic honesty policy should be directed to the instructor. Cases of cheating on exams or papers will result in a final grade of F being assigned for the course and the incident will be reported to university officials.

ELECTRONICS: Cell phones and laptops must be turned off and put away from sight during class. Laptops may not be used in class unless you receive explicit permission from me. If you are caught using a cell phone or laptop in class you must make arrangements with me to write an additional 10 page paper that will be part of your course grade. This paper cannot raise your grade. You are responsible for maintaining and checking your University email account and the elc announcements on a daily basis. Please use your university email account for your academic correspondence to me.

SCHEDULE: The following list indicates when we will cover various topics. All textbook readings are required and additional required readings will be provided online. Specific topics may run earlier or later, depending on lectures. **RG** stands for the Rosen and Gayer text and **BS** stands for the Burman and Slemrod text. Notes means that lecture notes are the main source. The column elc # tells you the additional readings that correspond with the topic; bold readings are required. The final column gives the homework problems corresponding to each topic.

Day (Tent.)	Lecture	Reading (Textbooks)	elc #	HW #
8/18-8/20	Introduction	Syllabus, RG1	1	1
8/20-8/22	Micro Review and Empirics	RG Appendix, RG2 , RG3		2
8/25-8/27	Intro to Tax	BS1	2, 3	3
8/27-8/29	DWL	RG15		4
9/3-9/5	Incidence	RG14		5
9/8-9/10	US Income Tax	RG17 , BS2	4, 5, 6, 7	6
9/10-9/12	Optimal Income Tax	RG12 (pp.256-263), RG16 (pp. 356-370), BS8	8	7
9/15-9/17	Behavioral Response	RG18 , BS6	8a	8
9/17-9/19	Tax Evasion / Avoidance	BS9	9, 10	9
9/22-9/24	Notches and Kinks	RG13 (pp. 280-283), notes	11	10
9/24-9/26	Empirical Tax Analysis	notes (review RG2)	12	11
9/29	MT 1 Exam			
10/1-10/3	Corporate Taxation	RG19 , BS3 (pp. 56-73)		12
10/3-10/6	International Tax	RG19 , BS3 (pp. 73-89)	13	13
10/8-10/10	Optimal Commodity Taxes	RG16 (pp. 347-355), BS4 (pp. 90-97)	14	14
10/10-10/13	VAT	BS4 (pp. 98-115)		15
10/15-10/17	Externalities, Cigarette Taxes	RG5 , notes	15, 16	16
10/17-10/20	Fiscal Federalism	RG22 (pp. 498-511, 518-525)		17
10/22-10/24	Tax Competition	notes		18
10/27-10/29	State and Local & Property Taxes	notes, RG22 (pp.511-518), BS5 (pp.124-132)		19
10/29-11/3	The Fiscal Crisis	R20 , notes	17, 18, 19	20
11/3-11/5	Public Goods	RG4		21
11/7-11/10	Political Economy	RG6 , BS10		22
11/10-11/12	Health Care as Market Failure	RG9		23
11/14	MT 2 Exam			
11/17-11/19	Government and Health Care	RG10 , BS7	20, 21, 22, 23	24
11/19-11/21	Social Security	RG11		25
12/1-12/3	Income Inequality	notes	24	26
12/3-12/5	Income Redistribution	RG12 , RG13		27
If time	Estate Taxes	RG21 (pp. 487-493), BS5 (pp. 116-123)		28
12/8-12/9	Fundamental Reform	RG21 (pp. 470-486, 494), BS11 , BS12	25, 26	29
12/12	Final Exam	Cumulative. Time: 3:30-6:30		