Course Description

Public finance (also known as public economics) analyzes the impact of public policy on the allocation of resources and the distribution of income in the economy. In this course, you will learn how to use the tools of microeconomics and empirical analysis to analyze the effects of public expenditures, regulation, and taxation.

Prerequisites

P11.1011 Statistics  
P11.1018 Microeconomics  
P11.1021 Financial management (may be taken concurrently)

This course requires a working knowledge of the material learned in these prerequisite courses. Students should be prepared to review their textbooks and notes from these prerequisite courses throughout the semester. The prerequisite material will not be reviewed in class.

Website & Email

The course website is available on Blackboard (http://classes.nyu.edu). I will periodically post announcements and documents (journal articles, lecture slides, homework solutions, etc.) there. In addition, I will occasionally send announcements through Blackboard’s email system, so it is important that you regularly check your NYU email account or set up appropriate email forwarding (http://home.nyu.edu/).

Textbook


Other Readings

Posted on Blackboard
Course Requirements

Class Participation (10%): I expect all students to complete the reading assignments before class and to come to class prepared to summarize and discuss them.

Four Homework Assignments (10%): You will receive full credit for an assignment if it is 100% complete (even if the answers are not correct) and submitted on time at the beginning of class. If you wish to review your solutions as we go over them in class, please bring an extra copy. Late assignments will not be accepted.

Two Policy Memos (40%): Each of the two policy memos is worth 20% of your grade. They may be completed individually or with a partner (both team members will receive the same grade). Late memos will not be accepted.

In-Class Final Exam (40%): There is no make-up exam. If you have a conflict with the scheduled exam date, please do not take the course at this time.

Academic Integrity

As members of the NYU Wagner community, we are all expected to adhere to high standards of intellectual and academic integrity. Please review the academic code here: http://wagner.nyu.edu/current/policies/index.php.

For this particular course, there are some specific behaviors required to meet these standards of academic integrity, outlined below. Violations of these standards will automatically result in failure of the course and remand to the discipline committee for further action.

Homework Assignments: While I encourage students to work on the homework in groups, the final write-up of assignments must be done individually, with no sharing of written answers.

Policy Memos: If you choose to write memos as a team, both members of the team must contribute to the joint effort. There must be no free-riding.

Exam: The exam must be the sole work of the individual student.

Tutoring

The tutor for this course is Jill Snider (jill.snider@nyu.edu), office hours TBA.
Course Outline

May 21: Introduction to Public Finance
Chapters 1, 2, and 3 (including appendix to Chapter 3)

May 26: Government Budgets
Assignment 1 Due: 1.9, 2.10, 2.13, 3.14
Chapter 4

May 28: Public Goods; Political Economy
OPTIONAL: Skim chapters 5, 6, and 8 to review concepts from the micro and policy cores
Chapters 7 and 9

June 2: State and Local Public Finance; Education
Assignment 2 Due: 4.8, 7.11, 7.12, 9.11
Chapters 10 and 11

June 4: Social Insurance; Social Security
Chapters 12 and 13
June 9: Unemployment Insurance; Disability Insurance; Workers’ Compensation
Memo 1 Due
Chapter 14

June 11: Health Insurance
Chapters 15 and 16

June 16: Income Distribution and Welfare Programs
Chapter 17

June 18: Introduction to Taxation
Memo 2 Due
Chapter 18

June 23: Tax Incidence and Efficiency
Chapters 19 (including appendix) and 20
June 25: The Effect of Taxes on Labor Supply and Saving
Assignment 3 Due: 17.16, 18.1, 19.13, 20.7
Chapters 21 and 22

June 30: Taxes on Risk-Taking and Wealth; Corporate Taxation
Chapters 23 and 24

July 2: No Class – Happy 4th of July Weekend!

July 7: Fundamental Tax Reform
Assignment 4 Due: 21.8, 22.9, 23.8, 24.2
Chapter 25

July 9: In-Class Final Exam