New York University  
Robert F. Wagner Graduate School of Public Service  
P11.2140 Public Economics and Finance, Fall 2009

Professor Sewin Chan  
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COURSE OBJECTIVES & PREREQUISITES

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 interpret economic analyses and how to use the tools of microeconomics and empirical analysis to investigate and predict the effects of public expenditures, regulation and government revenue-raising activities.

Prerequisites are:  
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 and reference their books and notes from these prerequisite classes throughout the semester – the prerequisite material will not be reviewed in class.

BLACKBOARD & E-MAIL

All announcements, readings and class related documents will be posted to the class Blackboard site. Some class announcements will be sent to your NYU e-mail address. It is important that you have appropriate forwarding set up if you do not actively use your NYU e-mail account.

TEXTBOOK

COURSE REQUIREMENTS

Class Participation (10 percent):
Your participation in class is expected and each student will be responsible for leading one classroom discussion. Additional readings (besides those listed in this document) will be assigned and posted on blackboard. All readings should be done before the class for which they are listed, and you should be prepared to summarize and discuss them in class.

Four Homework Assignments (10 percent): 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. Please make a copy of your assignment before turning it in. Late assignments will not be accepted.

Two Policy Memos (40 percent):
There will be two policy memos, worth 20 percent each, which can be completed individually or in teams of two (both team members will receive the same grade). Details will be provided in class. Late memos will not be accepted.

Exam (40 percent):
There will be an in-class exam worth 40 percent of the grade. There are no make-ups. If you have a conflict with the scheduled exam date, you should not take this course.

STATEMENT OF ACADEMIC INTEGRITY

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

For this particular course, there are some specific behaviors required to meet our standards of academic integrity:

Assignments: While students are strongly encouraged to work in groups, the final write up of assignments must be done individually with no sharing of written answers.

Policy Memos: If submitting as a team, all members of the team must contribute to the joint effort. There must be no free-riding.

Exams: All exams must be the sole work of the individual student.

Violations of these standards will automatically result in failure of the course and remand to the discipline committee for further action.
COURSE OUTLINE

Class 1
Introduction to Public Finance


Class 2
Income Distribution and Welfare Programs

Gruber: (17) Income Distribution and Welfare Programs

Class 3
Introduction to Taxation

Gruber: (18) Taxation in the United States and Around the World.

Assignment 1 is due in class

Class 4
Tax Incidence

Gruber: (19) The Equity Implications of Taxation: Tax Incidence, including appendix,

Class 5
Tax Inefficiencies and the Effect of Taxes on Labor Supply

Gruber: (20) Tax Inefficiencies and Their Implications for Optimal Taxation, (21) Taxes on Labor Supply (up to page 627).

Assignment 2 is due in class
Class 6
The Effect of Taxes on Labor Supply and Saving

Gruber: (21) Taxes on Labor Supply (page 627 on), (22) Taxes on Savings.

Class 7
The Effect of Taxes on Wealth; Corporate Taxation


Policy memo 1 is due in class

Class 8
Fundamental Tax Reform

Gruber: (25) Fundamental Tax Reform.

Class 9
Government Budgets
Gruber: (4) Tools of Budget Analysis.

Assignment 3 is due in class

Class 10
Fiscal Federalism and Local Public Finance; Review of Market Failures

Gruber: (10) State and Local Government Expenditures. Skim (5), (6) and (7).
Class 11
Social Insurance; Social Security


Assignment 4 is due in class

Class 12
Social Insurance in Labor Markets


Policy memo 2 is due in class

Class 13
Health Insurance


Class 14
Final Exam
## Schedule – Fall 2009

**Section 1:** Thursday 6:45 - 8:25 pm, Silver 504  
**Section 2:** Thursday 12:20 - 2:00 pm, Silver 710

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