NEW YORK UNIVERSITY
ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE

PADM-GP.2140
Public Economics and Finance
Fall 2015

Professor Francesco Brindisi
Email: francesco.brindisi@nyu.edu

Time: 6:45-8:25
Building: Silver Center for Arts and Sciences (31 Washington Pl.)
Classroom: 206
Office hours: Thursday after class

Teaching colleague Luke Bo'sher
Recitation: Tuesday 7:45-8:45pm, GCASL Room 269
Office hours: Tuesday 6:00-6:45pm, Puck 3045
Email: luke.bosher@nyu.edu

Teaching colleague Melissa Rosenberg
Recitation: Thursday 8:35-9:35pm, TISC Room LC9
Office hours: Friday 5:30-6:15, Puck 3045
Email: mkr355@nyu.edu

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 answer these questions: When should the government intervene in the economy? How might the government intervene? And, what are the effects of those interventions on economic outcomes?

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 review their textbooks and notes from these prerequisites before the course begins, and refer to them throughout the course as needed.
Website & Email

The course website is available on Blackboard (http://newclasses.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%): Students must complete the reading assignments before class and come to class prepared to summarize and discuss them. In addition, each student will participate in the discussion of a set of newspaper/magazine articles related to a course topic.

Nine homework assignments (10%): Each assignment is worth roughly 1% of your course grade. 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. Late assignments will not be accepted. Occasionally, there will be questions from topics not yet covered in the lectures, but were covered in prerequisite classes – these questions are intended as review and preparation for the lecture. You should make a copy of your assignment to review in recitation. Your graded assignment will be returned to your Wagner mailbox if you write your mailbox number at the top.

Two policy memos (30%): Each policy memo is worth 15% of your grade. Memos may be completed individually or with a partner (both team members will receive the same grade). Teams must be different for each memo. Late memos will not be accepted.

Two exams (50%): There is a midterm and a final, each worth 25% of your grade. The final focuses on material from the second half of the course. There are no make-up exams. If you have a conflict with either of the scheduled exam dates, please do not take the course at this time.
Recitations

Each lecture class is followed by a recitation led by a Teaching Colleague that focuses on applying course concepts to specific problems. Recitations do not start until the first lecture class has been held. Each recitation in a given week covers the same material and you may register for either one. A set of recitation problems will be posted on the website for each week. You should attempt these on your own before going to the recitation. Homework assignments will also be reviewed in recitation. While we do not record attendance, you will not do well in the examinations unless you master the material covered in these recitations.

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 will be reported 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.

Exams: The exams must be the sole work of the individual student. Exams are closed-book.
Course Schedule

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<th>ASSIGNMENT DUE</th>
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<td>9/10</td>
<td>2. Intro to taxation</td>
<td>HW 1</td>
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<td>3. Tax incidence</td>
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<td>9/24</td>
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<td>13. Welfare programs</td>
<td>HW 8</td>
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<td>12/10</td>
<td>14. Fiscal federalism and local public finance</td>
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<td>12/17</td>
<td>15. Final exam</td>
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* Note different day for Melissa’s Lecture 6 recitation (time and location to be finalized).

Midterm exam review (Melissa): Saturday 10/10 (time and location to be finalized, following Melissa’s Lecture 6 recitation).

Detailed Course Schedule

The readings listed below should be completed before each class (except for the first class). Additional readings may be added to this list during the semester. Assignments and memos are due by the beginning of the class for which they are listed.

Class 1: Introduction to Public Finance


Class 2: Introduction to Taxation

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


Class 3: Tax Incidence

Gruber: (19) The Equity Implications of Taxation: Tax Incidence, including appendix, (23.4) Property Taxation.


Class 4: Tax Inefficiencies and the Effect of Taxes on Labor Supply

Gruber: (20) Tax Inefficiencies and Their Implications for Optimal Taxation, including formula for deadweight loss in the appendix, (21) Taxes on Labor Supply.


Class 5: The Effect of Taxes on Saving, Capital Gains and Transfers

Gruber: (22) Taxes on Savings, (23.2) Capital Gains Taxation, (23.3) Transfer Taxation.


Class 6: Corporate Taxation

Gruber: (24) Corporate Taxation (excluding 24.6).

Class 7: Midterm Exam

Class 8: Fundamental Tax Reform


Class 9: Government Budgets

Gruber: (4) Tools of Budget Analysis.


Class 10: Market Failures and Social Insurance


Class 11: Social Insurance Programs


Cogan, John F. and Olivia S. Mitchell, “Perspectives from the President’s Commission on Social Security Reform,” Journal of Economic Perspectives 17(2), Spring 2003, 149-172.
Class 12: Health Insurance


Class 13: Welfare Programs
Gruber: (17) Income Distribution and Welfare Programs


Class 14: Fiscal Federalism and Local Public Finance
Gruber: (10) State and Local Government Expenditures.


Class 15: Final Exam