

Financing Government Activity Economics 551.1

MW 2:00 p.m. – 3:15 p.m.
DuSable Hall 280

Prof. Jeremy Groves
Spring 2007

This course covers the topics of budgetary policy, the evaluation of different forms of taxation, pricing of government services, and programs of tax reform.

READINGS:

Required Text:

Hinkdriks, Jean and Gareth D. Myles. Intermediate Public Economics. MIT Press.

Additional Readings:

As I am sure you are aware if you have talked to anyone who has taken this class before from me, there is a great deal of reading required for this class. The articles will be assigned at least one week in advance and should be read BEFORE class so that you may participate in class discussions. The readings will be emailed to you in PDF format unless there is a problem at which point the paper will be placed on reserve in the Economics Mailroom.

REACHING ME:

My office is located in 518 Zulauf Hall, my office phone number is 753-5747 and my email address (and preferred method of contact) is jgroves@niu.edu. My office hours for this semester are Monday 12:00 – 1:00 and Friday 11:00 – 12:00 or by appointment.

GRADES:

Final Exam:

On May 7th there will be a final exam for this class which will account for 30% of your overall grade. This exam will be essay and comprehensive in nature.

Problem Sets:

There will be 6 to 8 problem sets for this course depending on the time available. These will account for 40% of your grade and will be graded according to the scale listed below:

Points	Condition
4	Answer is perfectly correct
3	Answer is mostly correct
2	Answer has some correct elements or thinking
1	Answer was at least attempted
0	No attempt was made to answer the question in a reasonable way.

Paper:

The remaining 30% of your grade will be a paper project. For this part of your grade you have two options to choose from:

Option 1: If you are planning on completing the Public Finance Field, you will have to take Economics 650. As part of that class you will be expected to produce a significant research paper written at a relatively high quality. This is a very difficult thing to do in one semester so I suggest you choose this option. For this option you will submit for this class a paper that covers your proposed topic, relevant literature review, and basic summary of the data being used (unless it is a theory paper). To receive full credit, you must have ALL THREE PARTS.

Option 2: Choose any topic area on the outline attached to this syllabus and write a 10+ page literature review of that topic. While I am not setting a minimum on the number of articles used in the paper, know that your grade will be a function of the number of article used in connection with the quality of the paper and comprehensiveness of the review.

CLASS STRUCTURE:

Generally the class will be lecture in format. That said, please feel free to speak up with questions or relevant comments. I also encourage any student who feels that they need special accommodations to contact the Center for Access-Ability Resources (CAAR) in the Health Services Building or by phone at 753-1303 to arrange for such accommodations.

While I am not expecting you to have a comprehensive knowledge of econometrics or mathematical methods, it is expected that you have a basic understanding of regressions, regression results, and general calculus. Any more advance topics encountered in class will serve as a learning experience (for both of us likely).

Approximate Outline for Economics 551

I. Commodity Taxation

A. Dead Weight Loss / Efficiency

B. Optimal taxation

1. Production Efficiency
2. Inverse Elasticity Rule
3. Ramsey Rule

II. Income Taxation

A. Labor Supply Models

B. Optimal Income Tax

1. Principles of Taxation
2. Quasi-Linearity
3. Rawlsian Taxation

C. The U.S. Income Tax Code

D. Excess Burden and Income Taxation

E. Income Distribution and Poverty

F. The Flat Tax

G. Tax Evasion and Avoidance

III. State and Local Finance

A. Property Taxes

B. Fiscal Competition

C. Fiscal Federalism