

Economics 131 PUBLIC FINANCE

COURSE DESCRIPTION

We will assess the economic burden of taxation; equity and efficiency considerations in tax design; structure and economic effects of the U.S. tax system (including personal income tax, corporation income tax, and property tax); tax loopholes; recent developments; and tax reform proposals.

COURSE PREREQUISITES

The prerequisite for this course is Intermediate Microeconomics (ECN/ARE 100A and ECN/ARE 100B). You will have an extremely difficult time in this course without a thorough understanding of Intermediate Microeconomic Theory.

COURSE COMMUNICATION

Please use the canvas chat room for all communication regarding course content. If there is a personal question, email at jflathmann@ucdavis.edu is the best way to get in touch with me. If you do not hear back in 24 hours, try again, it just means your email got lost in the shuffle.

READINGS

Required text: Jonathan Gruber, *Public Finance and Public Policy*, Worth Publishers. Any edition will be fine.

Current Events: Class discussions require that you are up to date on current events. Plan to read or listen to the news from at least one of the following sources a few times per week: Economist Magazine, Wall Street Journal, New York Times, National Public Radio etc...

WEEKLY IN-CLASS ASSIGNMENTS

These are designed to promote more engaging lectures where more student voices can be heard. In addition, they can serve as practice for exams and opportunities for students to be sure they are understanding the lecture properly. These in-class assignments will be uploaded to Gradescope by students before 11:59pm on the day of the lecture. The lowest six scores will be dropped during the quarter. As a result, no assignments will be excused for any reason.

PAPER

The three one-page assignments will be graded for effort. You will get 5 points if you follow the font, spacing, page suggestions and answer the questions in the prompt. Late papers turned in within 24 hours of the deadline will receive 3/5 and feedback. Papers turned in later than 24 hours after the deadline will not receive any points nor will they receive feedback. The final paper is worth 20 points and will be graded on how well you understand

course material, follow the comments on your first three papers and the thoughtfulness of your policy suggestions. Late papers received within 24 hours of the deadline will get a maximum of 15 points, those received after 24 hours from the deadline will not receive points.

EXAMS

Exams will consist of problems and short answer questions. They will be closed notes and closed book held in class. A calculator will be allowed. Reading the text before lecture, summarize your notes in your own words, doing the problem sets enough times that you do not need to look at the notes or key to find the solution, and testing yourself using the study guide tends to be the most effective strategy for success on the exams. The exams will be graded in Gradescope where you can find feedback on your answers approximately a week after the exam.

GRADING

Your final grade in the course will be determined by the following:

3%	Intro Survey
7%	In Class Assignments Due on T/R 11:59pm (lowest score dropped)
25%	Tax Policy Paper
20%	Midterm 1
20%	Midterm 2
25%	Final Exam

Exam and Re-grade Policy:

Academic dishonesty will not be tolerated. Any student violating the university code of conduct <http://sja.ucdavis.edu/files/cac.pdf> will be referred to judicial affairs without exception.

If an administrative error has been made in calculating your grade (such as an arithmetic error in adding up your score) no re-grade request need be submitted. Merely bring the error to my attention so that I can correct it. If you desire an exam re-grade, please adhere to the following procedure:

- Submit, *in person*, a *written* request for the re-grade *within one week* of receiving your graded exam.
- In your written request, enumerate questions deserving special attention in my second reading of your exam and why such questions deserve special attention.
- Attach the original version of your exam to this written statement.

Please note that your *entire exam* will be reviewed. That is, if some of your answers are revealed lacking (in content, in clarity, etc.) upon my second reading, you may end up losing points. Re-graded midterms will be returned, at the latest, two weeks after the initial return of the examinations.

Homework Assignments

There will be six homework assignments assigned during the quarter. Before discussion section you should complete the assignment. You will then be prepared to talk about the assignments in discussion section. The answer keys will be posted just for checking your answers. Do not refer to the answer key while doing your homework the first time. You will not prepare yourself for the exams. The homework will not be graded but will give you a good indication of the types of questions that could be asked on the exams.

Additional Note

If you have a physical disability, any difficulty with the English language, or other special needs that are relevant to your success in this class please see me immediately. I will help you get access to resources that may help you deal with any special challenges you might face in the course.

Course Outline (dates could change)

	Reading	Exam Practice	Writing Assignment
Topic 1: How Do We Tax	Gruber Chapter 18	Homework 1	
Topic 2: The Burden of Taxation	Gruber Chapter 19	Homework 2	US Income Tax and Equity Opinion Paper
Midterm 1			
Topic 3: Some Taxes are Better than Others	Gruber Chapter 20	Homework 3	
Topic 4: Taxes on Labor Supply	Gruber Chapter 21	Homework 4	Analysis of Optimal Taxation
Topic 5: Taxes on Savings	Gruber Chapter 22		
Midterm 2			
Topic 6: Taxes on Risk Taking and Wealth	Gruber Chapter 23	Homework 5	
Topic 7: Corporate Taxation	Gruber Chapter 24	Homework 6	The use of Tax Policy to Encourage Saving and Investing Opinion Paper
Topic 8: Tax Reform & Review for Final Exam	Gruber Chapter 25		Final Paper on Tax Reform
Final Exam			