

Economics 231: Public Finance

Spring 2010

University of Pennsylvania

Professor Hanming Fang

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Office Hours: Mondays 3:30-4:30pm or by appointment

COURSE DESCRIPTION

Class Time and Location: Monday, Wednesday, 2:00-3:20pm at McNeil 286-7

Teaching Assistant: Karam Kang (email: karam2@econ.upenn.edu, Office Hours and Review Sessions: TBA)

Prerequisites: Two terms of introductory economics and introductory econometrics (or by permission of the instructor).

Required Textbook: Jonathan Gruber: *Public Finance and Public Policy*, 3rd Edition. Worth Publishers, 2010.

The main goal of this class is to develop a set of tools for analyzing the role that government plays in the economy and the lives of its citizens. In particular, we will consider some reasons for government intervention in a market economy and study the impact of government expenditure programs and taxation systems on the welfare and behavior of its citizens. The course will cover a wide range of issues in public finance with a focus on current policy debates and issues. Topics covered will include the common use of natural resources, the environment, public goods, education, health care policy, social security, public assistance program, and taxation.

REQUIREMENTS

Requirements for this class include a mid-term, a final exam and four problem sets. The mid-term exam will be given in class on March 3rd. The final exam will be given in the final exam period. The four problem sets will be dispersed at regular intervals throughout the semester and will include problems indicative of those that will be used on the exams. No exceptions will be made concerning this due date except with the written permission of a college dean. Grades for the class will be based on these requirements in roughly the following proportions:

Problem Sets (4)	25%
Mid-term Exam (March 3, in class)	25%
Final Exam (May 4, 9-11am)	50%

Additional credit will be given based on participation in general class discussions.

COURSE OUTLINE

Part I: The Economic Basis for Government Activity:

Efficiency, externality, public goods, public choice, and political equilibrium. (Chapters 1-11, Gruber)

Part II: Selected Issues of Government Expenditures and Policy in the United States:

Poverty alleviation programs, welfare reform; Social security system and its reform proposals; health care system and its reform; education. (Chapters 12-17, Gruber)

Part III: Issues Related to Government Revenue and Government Debts:

Theory of taxation; Theory of national debt. (Chapters 18-25, Gruber)