COURSE DESCRIPTION
Economics 6211 studies the ways in which government tax and expenditure policies affect the economy. Topics covered include the economic rationale for government action, the economic theory of government behavior, and the effects of specific government tax and expenditure policies on the behavior of individuals and firms, the allocation of resources, and the distribution of income. The emphasis throughout will be on the application of economic theory to current issues in government policy, whether in the United States or elsewhere: privatization, welfare cutbacks, health care cost containment, defense spending fraud, social security reform, individual and corporate tax reductions, tax reform, the effects of deficits and deficit reduction, and supply-side economics.

COURSE REQUIREMENTS
There will be 2 midterm examinations, each of which will count one-sixth of your final grade. There will also be a comprehensive final examination that will count one-third of your final grade. The remaining one-third of your grade will consist of a research paper, details of which will be discussed in class. The dates of the midterm examinations will be announced later; the date of the final examination is Thursday, May 9, from 7:30am to 10:30am.

Note that no make-up midterm exams will be given. If you miss a midterm exam, then the weight of the final exam will be increased accordingly. You must have an approved excuse to miss a midterm exam.

There will also be weekly assignments. I encourage you to work with other students on these assignments. Although the assignments will not be collected and graded, questions from them will appear on the exams.

TEXTBOOKS
There are two required textbooks:


A reading packet of articles is also required. These articles will be available in the graduate student lounge on the third floor of the Economics Building.
COURSE OUTLINE

I. Facts about Government
II. Welfare Economics, Market Failure, and the Need for Government
III. Analysis of Public Expenditures
   A. Public Goods
   B. Externalities
   C. Income Redistribution
   D. Social Insurance
   E. Cost-Benefit Analysis

IV. Public Choice

V. Basic Principles of Taxation
   A. Taxation and Incentives
   B. Taxation and Income Distribution
   C. Taxation and Efficiency
   D. Taxation and Revenues
   E. Tax Administration and Compliance Costs
   F. Taxation and Politics
   G. Efficient and Equitable Taxation

VI. Revenue Sources
   A. Individual Income Tax
   B. Corporation Income Tax
   C. Deficit Finance
   D. Taxes on Consumption
   E. Taxes on Wealth
   F. Taxes on International Trade
READING LIST

All readings are required. Starred (*) readings are available in the graduate student lounge.

I. Facts About Government
   Rosen, Chapters 1, 2.

II. Welfare Economics, Market Failure, and the Need for Government
   Rosen, Chapters 3, 4.

III. Analysis of Public Expenditure
   A. Public Goods
      Rosen, Chapter 5.
   B. Externalities
      Rosen, Chapter 6.
   C. Income Redistribution
      Rosen, Chapters 8, 9.
   D. Social Insurance
      Rosen, Chapters 10, 11.
   E. Benefit-Cost Analysis
      Rosen, Chapter 12.

IV. Public Choice
   Rosen, Chapter 7.

V. Basic Principles of Taxation
   A. Taxation and Incentives
   B. Taxation and Income Distribution
      Rosen, Chapter 13.
C. Taxation and Efficiency
Rosen, Chapter 14.

D. Taxation and Revenues

E. Tax Administration and Compliance Costs

F. Taxation and Politics

G. Efficient and Equitable Taxation
Rosen, Chapter 15.

VI. Revenue Sources

A. Individual Income Tax
Rosen, Chapters 16, 17.

B. Corporate Income Tax
Rosen, Chapter 18.

C. Deficit Finance
   Rosen, Chapter 19.

D. Taxes on Consumption
   Rosen, Chapter 20.

E. Taxes on Wealth
   Rosen, Chapter 20.

F. Taxes on International Trade