Course Description: This is a graduate level public finance course. The goal is to introduce students to public finance and provide them with the theory and some empirical evidence on the expenditure and taxation functions of the government. The course is primarily geared to Master’s and Ph.D. students in Economics.

Course Objectives: Specific objectives are:

1. Examine the rationale behind government’s involvement in the economy.
2. Provide the student with the methodology used in the evaluation of government activities.
3. Analyze the efficiency and equity aspects of major taxation forms and tax reform.
4. Inform the student about the structure and character of public finance in the U.S. and elsewhere.
5. Acquaint students with some of the empirical research related to taxation and government expenditure.

Students with Disability: If you have a disability and will be requiring assistance, please contact me or the Disability Resource Center (Thompson Building Suite 101) as soon as possible to arrange for appropriate accommodations.

Reading Assignments: The reading list below is rather extensive. The readings with an asterisk “*” are required and will be covered entirely or partially in class.

WebCampus: There is a class web site available through the University WebCampus. To access the class page through WebCampus, go to https://wcl.unr.edu/ and login using your UNR NetID for the username and your NetID password for the password. You should be able to see this course in the course list after you login. I’ll put course related material (reading, assignments, announcements, interesting articles, etc.) on the web site so you should check this site regularly.

Recommended Textbook:

**Background Texts**: These are undergraduate level references for background reading for an overview of public finance principles and tax systems.


Reference Texts: These are graduate textbooks on public economics.


Grading: The course grade is based on two problem sets (5% each), policy exercise (5%), a midterm exam (25%), a comprehensive final exam (30%), and a research paper (30%). Final exam is currently scheduled on Monday, December 16, 2013, 5:00 – 7:00 pm. Attendance to all class sessions is mandatory. This course uses a +/- scale for grading.

Late Assignments: Students are expected to complete the problem sets, policy exercise and the research paper by the due dates indicated below. Failure to do so will result in zero credit for that assignment. Instructor should be notified of any problems regarding the completion of the assignments prior to the deadlines.

Research Paper: The objective here is to provide students with a compact research experience. Students are expected to turn this into a publishable paper. The writing of the paper will include the following four steps:

Brainstorming: Come up with three research ideas that interest you the most.
You can discuss these with me during my office hours. You will then choose one of these ideas as a research project for this semester. 

(Due date: 09/12/2013)

Referee Report: Find a working paper (not a paper published in a journal) that is closely related to your research idea and write a referee report on it (see below for more information on the referee report). There should be a section where you discuss what you would have done differently if you had written that paper. (Due date: 10/10/2013)

Proposal and Outline: Use the working paper from the previous step and your referee report as the starting point and write a one-page research proposal together with a detailed research outline that includes a preliminary list of references. (Due date: 11/07/2013)

Presentation: Present a draft of the paper to the class for comments. The draft should be distributed in class one week before the presentation. (12/05/2013 and 12/10/2013)

Referee Report: One interesting aspect of academic life is reading as well as writing referee reports for articles submitted to journals. Graduate students can greatly benefit from this exercise. Instructional material on how to write a referee report will be provided.

Policy Exercise: In this assignment you will analyze a fictitious policy case using the theories you have learned in this class. This exercise will be assigned towards the end of the term.

Internet Information: Some of the papers in the reading list have hyperlinks to electronic copies through JSTOR, NBER and IZA databases and other publicly available journals such as National Tax Journal. On your electronic copy of the syllabus, you can click on links to have access to these papers in pdf. Another good online database to find working papers and published papers is Research Papers in Economics (RePEc) which could be accessed through http://repec.org/

Academic Integrity: Honesty and personal integrity are key facets of the University of Nevada community. The issue of academic integrity is taken very seriously at the University and College of Business Administration. Since the majority of students take pride in total academic integrity, it is hoped that you, as a student, will take action to influence the practice of integrity in academic community. I understand that students feel pressure to perform well in their classes, and I will do everything that I can to ensure that you have the resources necessary to succeed. However, cheating on exams and course assignments will not be tolerated, and students who fail to comply with the University’s honor code (www.unr.edu/stsv/acdipol.html, www.unr.edu/stsv/nsop/dishones.htm) will be subject to the maximum university penalties. Please visit the university website if you are unfamiliar with the actions which constitute academic dishonesty.
Outline of Topics and Readings:

1. Introduction and Review of Welfare Economics

Background: Tresch (2008), Chapters 1-3; Tresch (2002), Chapter 1, or from your favorite micro textbook. Also check the web site http://www.thenewpublicfinance.org/ for supporting materials on the New Public Finance.


2. Public Goods

Background: Tresch (2008) Chapters 4,5 and 8
Also check the web site http://www.globalpublicgoods.org/ for background papers and supporting materials on global public goods.


3. Externalities

Background: Tresch (2008), Chapters 6 and 7; Tresch (2002), Chapter 5


4. An Introduction to Taxation


4.1. Excess Burden

Background: Tresch (2008), Chapter 15

Also in Handbook of Public Economics, Volume 3, Amsterdam: North Holland.


Tresch (2002), Chapter 13, 401-429.


MIDTERM EXAM – OCTOBER 17, 2013
5. Optimal Taxation

Background: Tresch (2008), Chapter 16


Tresch (2002), Chapter 13, 429-444; Chapter 14, 461-482.
6. Tax Incidence

Background: Tresch (2008), Chapters 18 and 19


6.1. Partial Equilibrium


6.2. General Equilibrium


Tresch (2002), Chapter 16, 549-571.

6.3. Lifecycle and Intergenerational Tax Incidence


Tresch (2002), Chapter 17, 606-621.

6.4. Applied Incidence Studies


Brookings Institution.


Tresch (2002), Chapter 17.


6.5. Open Economy Tax Incidence


7. Taxation and Labor Supply

Background: Gruber, Chapter 21


8. Taxation and Saving

Background: Gruber, Chapter 22


8.1. Household Saving


8.2. Portfolio Composition


Also in Handbook of Public Economics, Volume 3, Amsterdam: North Holland.


8.3. Capital Gains


8.4 Social Security

Background: Tresch (2008), Chapter 12


9. Taxation and Firm Behavior (will be covered if time permits)

**Background:** Gruber, Chapter 24

**9.1. Taxation and Firm Investment**


**9.2. Taxation and Firm Financial Policy**

10. Fiscal Federalism (will be covered if time permits)


**11. Behavioral Public Economics (will be covered if time permits)**

**Background:** Tresch (2008), pp. 475-481.


