Description: This course will analyze theory and empirical evidence related to taxation and to social insurance. With regards to taxation, the underlying themes are incidence and efficiency – who actually ends up paying a tax and whether people change their behavior to avoid a tax. With regards to social insurance, the themes are the motivation for and impact of government involvement in insurance markets, especially related to old-age pensions. Note: Economics 8310, Public Economics I, which covers the expenditure side of public economics, is not a prerequisite for this course.

Class website: Copies of the syllabus, proposal guidelines, problem sets, a calendar, and a bibliography offering a broad guide to the literature will be posted to Collab.

<table>
<thead>
<tr>
<th>Assignments</th>
<th>Due date</th>
<th>How to submit</th>
<th>Fraction of grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem sets</td>
<td>March 24</td>
<td>paper or email</td>
<td>10%</td>
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<td>May 3</td>
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<td>10%</td>
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<tr>
<td>Referee report</td>
<td>throughout</td>
<td>Collab</td>
<td>10%</td>
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<tr>
<td>Class participation</td>
<td>throughout</td>
<td>in class</td>
<td>10%</td>
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<tr>
<td>Paper presentation</td>
<td>February 18, February 23, February 25, April 7, April 12, April 14, April 19, April 28</td>
<td>in class</td>
<td>15%</td>
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<tr>
<td>Literature review</td>
<td>March 2</td>
<td>submit list of 3+ papers Collab</td>
<td>15%</td>
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<td></td>
<td>March 17 5 PM</td>
<td>literature review is due</td>
<td></td>
</tr>
<tr>
<td>Research proposal</td>
<td>February 10 9 AM</td>
<td>submit 2+ ideas Collab</td>
<td>30%</td>
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<tr>
<td></td>
<td>February 17 9 AM</td>
<td>submit update of main idea</td>
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<tr>
<td></td>
<td>March 2, April 4 9 AM</td>
<td>submit update of proposal progress presentation</td>
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<td>December 9, 11</td>
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- **Problem set.** Students may work together in groups but must turn in their own assignments.

- **Referee report.** Students will write a 3-6 page critical evaluation of one paper in the broad area of public economics that is being presented in the Public Economics, Applied Microeconomics, Batten, or recruiting workshop this semester. The papers will be made available in advance on Collab. The report must offer a well-written discussion the goals and limitations of the paper (“the big picture”) and offer specific recommendations about how to improve the paper (“the little picture”). Guidelines for writing a referee report have been posted on the class website.
• **Class participation:** The class participation grade will depend on two factors.

1. Students are expected to be attentive and involved in class lectures.

2. Students are expected to read the papers that their classmates will present throughout the semester. Please read the paper carefully in advance and be prepared to participate in a discussion of the paper. I will make photocopies of the papers available to you (since that is cheaper than having you print them out on your own).

• **Paper presentation.** Students will prepare a 30-minute PowerPoint/Beamer presentation of a research paper that will be assigned from the reading list. In your presentation, focus on what question the paper is answering, how it seeks to answer it, what the paper adds to the literature (new data, new policy change, new model, or new econometric approach), and what its main strengths and weaknesses are. Please finish up your presentation with an evaluation slide: did you think the paper convincingly answer the question it set out to, and if not, why not. Because the audience will ask questions, you should prepare to talk for 25 minutes; I recommend that you practice in advance to make sure that you stay within the specified time limit.

**Course Outline**

1. **Introduction to the course**
   1.1 Overview of the course
   1.2 Overview of public economics

2. **Introduction to taxation**
   2.1 Taxation in partial equilibrium
   2.2 Taxation in general equilibrium
   2.3 Measuring tax incidence and equity
   2.4 Measuring efficiency costs
   2.5 Tax-benefit linkages

3. **Taxation of labor income**
   3.1 Theory of labor income taxation
   3.2 The U.S. income tax code
   3.3 Taxation and labor supply
   3.4 Taxation and taxable income

4. **Taxation of saving**
   4.1 Saving behavior
   4.2 Consumption versus income taxation
   4.3 Targeted tax subsidies for saving
   4.4 Other provisions in the taxation of capital

5. **Social insurance**
   5.1 Insurance market failures
   5.2 Social insurance programs in the U.S.

6. **Social Security**
   6.1 Theory
   6.2 The U.S. Social Security System
   6.3 Social Security and income distribution
   6.4 Social Security and saving
   6.5 Social Security and retirement
   6.6 Reform