**Overview**
The course begins with economic justifications for government intervention, focusing on market failures. The rest of the course is roughly divided between taxation, spending and regulation, and the traditional levers of government policy. Our study of taxation covers income, commodity, capital, sales, property and corporate taxes, and examines how each plays a role in raising revenue, correcting market failures, or redistributing income. Our study of spending and regulation will cover topics such as education, health insurance, labor-market regulation and social insurance.

**Grades**
Grading will be determined as follows:

- Weekly participation: 5%
- Problem sets: 5%
- Oral presentation: 25%
- Midterm: 25%
- Final: 40%

Students are encouraged to collaborate on problem sets, though everyone must write up his or her own answers.

**Office Hours**
Office hours will be held on Tuesdays from 1:00 to 2:00pm or by appointment.

**Course materials**
The text for the course is Public Finance and Public Policy by Jon Gruber. The most recent version is the fourth edition, but students are free to use earlier editions. All the papers assigned on the reading list can be found online on the course website.

**Lecture Schedule and Readings (Subject to Change)**

**February 3: Role of Government**
- Chapters 1 (skim all), 2 (pp. 43-55), 5 (all, but especially pp. 123-137), 7 (all).

February 10: Taxation (focusing on income and commodity taxation)
Chapters 18 (esp. 527-550), 19 (esp. 559-574), 20 (only pp. 589-610), 21 (only pp. 623-631), 22 (only pp. 648-655)

February 17: Local Public Finance
Chapters 10, 23 (only pp. 694-698).


February 24: Education Policy I – Class Size and Teacher Policies
Chapters 3, 11


March 3: Education Policy II – Charter Schools and School Turnarounds


March 10: Mid-term Exam

March 17: SPRING BREAK

March 24: Introduction to Social Insurance
    Chapters 12-14

March 31: Public Involvement in the Health Insurance Market
    Chapters 15 and 16


April 7: “Controlling” Health Care Costs


April 14: Inequality and Redistributive Preferences

Chapter 17 (only pp. 491-496)


April 21 and April 28: Poverty Policy and Policies Related to the Labor Market

Chapters 17, 20 (only pp. 631-639)


