

ECONOMICS 152: PUBLIC ECONOMICS, EXPENDITURES II
Income Redistribution and Social Insurance

Spring 2013

Professor

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Course Goals: This course will help you understand the role of the government in the economy from both a theoretical and an empirical perspective. It will also teach you how to analyze two broad categories of government expenditure policies and programs.

Prerequisites: This course is an applied microeconomic course. Economics 100B (or 170B) is a required prerequisite.

Class Meetings: Lectures will meet Mondays and Wednesdays 6:30-7:50pm in Ledden Auditorium in the Humanities and Social Sciences Building. The audio from the lectures may be podcast and posted at <http://podcast.ucsd.edu> if technology permits.

Web Site: The course web site is accessible through WebCT (<http://webct.ucsd.edu>). Your WebCT username and password are the same as your UCSD (ACS) e-mail username and password. Lecture notes, problem sets, and other support materials will be posted there.

Requirements:

1. Readings will be assigned at the end of each class and should be completed before the next class meeting. The required text is Public Finance and Public Policy, Fourth Edition (Jonathan Gruber, Worth Publishers, 2013). The text is available for purchase at the bookstore and on reserve at the Social Sciences Library. Useful support materials can be found at the book's companion web site (<http://www.worthpublishers.com/gruber>).

2. Practice problem sets will be assigned regularly. Although the problem sets will not be collected and do not count toward your grade, working through these problems on your own is the best way to prepare for the exams.

3. Two exams. The midterm exam will be held during the regular class period. The final exam will be cumulative. There will be no make-up exams.

Midterm: Wednesday, May 1 (in class) 40%

Final exam: Wednesday, June 12 (7:00-10:00pm) 60%

Regrade Policy: If you would like a regrade on an exam, please submit in person to the TA: 1) your original exam with no additional markings, 2) a printout of the exam solution for the relevant problem (posted on the website), and 3) a written explanation of why your answer deserves more credit than it was given (this should reflect the fact that you have read and understood the posted solution). When you submit your exam for a regrade, other problems may also be regraded, which could result in your score being lowered. Each exam can only be regraded once. Requests for regrades will only be considered for the two-week period starting with the first day the graded exams are made available to students.

Academic Integrity: Students are expected to uphold the principle of academic integrity. This means that all work on exams will be done by the individual, without any unauthorized aid from others. For exams in this class, the use of texts, notes and any electronic devices (including calculators) is prohibited. Any suspected cases of academic dishonesty will be reported to the relevant campus authorities.

Accommodations: It would be helpful if students eligible for disability accommodations would let a member of the course's instructional staff know about this as early during the quarter as possible. Accommodations for disability and other hardships (e.g., a death in the family) will be subject to similar administrative standards. In the case of disability accommodations, this means you need to work with the Office for Students with Disabilities to obtain the appropriate certification. Other hardships must be certified through your college's Office of Student Affairs.

Course outline:

1. Introduction to Public Economics and the U.S. Public Sector

Gruber Chapter 1

2. Review of Microeconomic Underpinnings

Gruber Chapter 2 pp. 25-37, pp. 43-52

3. Overview of Empirical Methods

Gruber Chapter 3

4. Redistribution and Welfare Policy

3.1 Justifications for government intervention

Gruber Chapter 2 pp. 52-7

3.2 Poverty and inequality in the U.S.

Gruber Chapter 17 pp. 489-497

3.3 Welfare policy in the U.S.

Gruber Chapter 17 pp. 497-500, 517-519

3.4 Program design issues

Gruber Chapter 2 pp. 37-43, pp. 55-57
Gruber Chapter 17 pp. 500-517

3.5 Financing transfer programs

Gruber Chapter 10 pp. 276-284

5. Social Insurance

4.1 Key programs and justifications for government intervention

Gruber Chapter 12 pp. 321-323, 335-339

4.2 Theory of insurance markets

Gruber Chapter 12 pp. 323-334, 339-349

4.3 Financing social insurance

Gruber Ch. 20 pp. 612-616

4.4 Social Security

Gruber Chapter 13 pp. 355-388

4.5 Disability Insurance

Gruber Chapter 14 pp. 395-396, 404-405

4.6 Workers' Compensation

Gruber Chapter 14 pp. 396-397, 405-408, 404-5

4.7 Unemployment insurance

Gruber Chapter 14 pp. 391-395, 397-404, 408-411, 412-415

4.7 Health Insurance

Gruber Chapter 15