

**Economics 150 – Winter 2005**  
**Economics of the Public Sector: Taxation**

Instructor: Genevieve Peters  
Office: Economics Building 110B  
Office Hours: MW 4:30 p.m. – 6:00 p.m.  
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Class Time: MWF 3:00 p.m. – 3:50 p.m.  
Class Location: Peterson 103  
Class Web Page: <http://weber.ucsd.edu/~gpeters/econ150/>

### **Course Description**

This course will build upon the foundations of consumer theory built in Economics 100A/170A. We will cover the framework used for economic tax analysis, including optimal tax theory, and then use that framework to analyze different components of the U.S. tax system. Specifically, we will examine personal income tax, corporate taxation, consumption and wealth taxes, and intergovernmental transfers.

### **Prerequisites**

The prerequisite for Economics 150 is Economics 100A or Economics 170A.

### **Texts**

The required text for this class is Public Finance, 7<sup>th</sup> Edition by Harvey S. Rosen.

### **Course Readings**

We will be covering chapters 1-3, 12-17, and 19 from Rosen's text. The reading assignments for each lecture are outlined in the class schedule below. Lectures will focus on the more difficult material in the readings, but you will be responsible for all of the material in each chapter. You will get a lot more out of this class if you read the required chapters before each lecture.

### **Study Questions**

Study questions for each chapter will be posted on the class website. You are encouraged to work through these problems with your classmates since you will see similar problems on exams. These problems will not be collected and will not be graded.

### **Attendance**

Class attendance is an individual student responsibility. However, you will be responsible for all announcements and material presented in class. Frequent absences may adversely impact performance.

### **Statement of Academic Integrity**

Students are expected to do their own work, as outlined in the UCSD policy on Academic Integrity published in the UCSD General Catalog. Cheating will not be tolerated, and any student who engages in suspicious conduct will be confronted and subjected to the disciplinary process. Cheaters will receive a failing grade on the exam and/or in the entire course. They may also be suspended from UCSD.



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**Examinations**

Two midterm exams and one final exam will be given in this section. The midterm exams will be given in class on Wednesday, January 26<sup>th</sup> and Friday, February 18<sup>th</sup>. The final exam will be given on Wednesday, March 16<sup>th</sup> from 3:30 p.m. – 5:30 p.m. All three exams will be comprised of analytical problems and multiple choice problems.

No study aids, notes, books, calculators, or electronic devices will be allowed in these exams.

All three exams must be taken at the scheduled time and place; they will not be given “early”. Students who arrive late will not receive extra time to complete their exam. Once a student completes the exam and leaves the exam room, no other student will be permitted to start the exam.

**Any student suspected of cheating on an exam will be brought to the attention of the Dean.**

**Make-up Examinations**

No make-up exams will be given in this class. Students who miss a midterm exam without a university accepted excuse will receive a grade of zero (0) for the exam. Students who miss a midterm with a university accepted excuse will have the weight of the final exam increased accordingly. You must take the final exam to receive a grade in this course.

Excuses for missed exams must be pre-approved by the instructor (except when this is not possible in an emergency situation). Students who make initial contact after the exam will have to document why they could not make contact prior to the exam. In addition, any student who misses an exam due to physical illness will be required to provide documentation from a health care professional indicating why the student was physically unable to take the exam. All documentation and an additional signed written statement explaining the relevant circumstances of the absence must be provided to the instructor within two working days of the student's return to campus. Failure to comply with any of the above in the specified manner will result in a grade of zero (0) for the exam.

**Grading**

Numerical grades will be assigned as follows:

Midterm I	=	20%
Midterm II	=	30%
Final Exam	=	50%
Total	=	100%

Letter grades will be allocated using the following breakdown:

Letter	A	A-	B+	B	B-
Numerical Range	86 % - 100 %	80 % - 85 %	75 % - 79 %	70 % - 74 %	65 % - 69 %
Letter	C+	C	C-	D	F
Numerical Range	60 % - 64 %	55 % - 59 %	50 % - 54 %	40 % - 49 %	0 % - 39 %



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**Class Schedule**

<u>Date</u>	<u>Reading Assignment</u>
January 3	Introduction (Chapter 1)
January 5	Tools of Positive Analysis (Chapter 2)
January 7	Tools of Normative Analysis (Chapter 3)
January 10	Tools of Normative Analysis (Chapter 3)
January 12	Tools of Normative Analysis (Chapter 3)
January 14	Taxation and Income Distribution (Chapter 12)
<b>January 17</b>	<b>Martin Luther King Holiday – Class and Office Hours Cancelled</b>
January 19	Taxation and Income Distribution (Chapter 12)
January 21	Taxation and Income Distribution (Chapter 12)
January 24	Taxation and Income Distribution (Chapter 12)
<b>January 26</b>	<b>Midterm I (Covers Chapters 1, 2, 3 and 12)</b>
January 28	Taxation and Efficiency (Chapter 13)
January 31	Taxation and Efficiency (Chapter 13)
February 2	Taxation and Efficiency (Chapter 13)
February 4	Efficient and Equitable Taxation (Chapter 14)
February 7	Efficient and Equitable Taxation (Chapter 14)
February 9	Efficient and Equitable Taxation (Chapter 14)
February 11	The Personal Income Tax (Chapter 15)
February 14	The Personal Income Tax (Chapter 15)
February 16	The Personal Income Tax (Chapter 15)
<b>February 18</b>	<b>Midterm II (Covers Chapters 1-3 and 12-15)</b>
<b>February 21</b>	<b>President's Day Holiday – Class and Office Hours Cancelled</b>
February 23	Personal Taxation and Behavior (Chapter 16)
February 25	Personal Taxation and Behavior (Chapter 16)
February 28	Personal Taxation and Behavior (Chapter 16)
March 2	The Corporation Tax (Chapter 17)
March 4	The Corporation Tax (Chapter 17)
March 7	Taxes on Consumption and Wealth (Chapter 19)
March 9	Taxes on Consumption and Wealth (Chapter 19)
March 11	Taxes on Consumption and Wealth (Chapter 19)
<b>March 16</b>	<b>Final Exam (Covers Chapters 1-3, 12-17, and 19)</b>