

**ECONOMICS 152: PUBLIC ECONOMICS, EXPENDITURES II**  
**Income Redistribution and Social Insurance**  
Winter 2018

Professor: Itzik Fadlon, fadlon@ucsd.edu

Office Hours: Tuesdays 3:30-4:30pm, Econ 214, by appointment.

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Office hours: Thursdays 3:30-4:30pm, Sequoyah Hall 234.

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 teach you how to analyze two broad categories of government expenditure policies and programs: redistribution and social insurance.

Prerequisites: This course is an applied microeconomics course. It is an upper-division advanced elective. Economics 100C is a required prerequisite.

Class meetings: Lectures will meet on Tuesdays from 5:00-7:50pm in Warren Lecture Hall (WLH) 2113.

Website: The course website is accessible through [tritoned.ucsd.edu](http://tritoned.ucsd.edu). Lecture notes, problem sets, and other materials will be posted there.

Requirements:

1. Readings: Assigned readings should be completed **before** the relevant class. The required text is Jonathan Gruber's Public Finance and Public Policy (Fifth Edition).

2. Problem sets: The problem sets represent 20% of your grade and will be graded based on effort. **Working through these will be good preparation for the final exam.** Feel free to cooperate on the problem sets. Each student must turn in his/her own copy and write the names of collaborators at the top of the assignment. Problem sets are due at the beginning of class. No late assignments will be accepted. Questions about the problem sets will be answered by the teaching assistant.

3. Final assignment: In groups according to class size, each of you will analyze a government program within the context of the course. **Groups must be formed by week 3, January 23.** You can study a well-established policy but would preferably choose to address current policy issues. Your work should use the principles learned in class and describe the relevant institutions and likely economic effects. Projects will be presented in class by one or more members of your group and are worth 30% of your grade. **Your topics must be approved by me well in advance and no later than week 7, February 20.** This assignment is designed to help you develop important skills that are highly valued by the market: (1) working in teams; (2) conveying content in a concise and coherent way; (3) delivering the product of your work through presentations. **Free-riding will not be tolerated and will be penalized in your final grade.**

4. Final exam: There will be a final cumulative exam during final exam week on Thursday, March 22, from 7:00-10:00pm. The exam is worth 50% of your grade.

Participation in class is strongly encouraged.

**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. Exams written in pencil will not be regraded.

**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 is prohibited. Any suspected cases of academic dishonesty will be reported to the relevant campus authorities.

## **Course Outline:**

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

Chapter 1

### **2. Review of Microeconomic Underpinnings**

Chapter 2 pp. 27-39, pp. 45-54

### **3. Redistribution and Welfare Policy**

Justifications for government intervention

Chapter 2 pp. 54-56

Poverty and inequality in the U.S.

Chapter 17 pp. 511-517

Welfare policy in the U.S.

Chapter 17 pp. 520-523

Program design issues

Chapter 2 pp. 39-45

Chapter 17 pp. 523-541

Welfare reform

Chapter 17 pp. 541-544

### **4. Social Insurance**

Key programs and justifications for government intervention

Chapter 12

Theory of insurance markets

Chapter 12

Social Security

Chapter 13

Disability insurance

Chapter 14

Workers' compensation

Chapter 14

Unemployment insurance

Chapter 14

Chapter 12

Optional: Health insurance

Chapters 15 and 16