ECON 6430 - SEMINAR ON PUBLIC FINANCE
Spring 2014
Thursday 2:40-5:40pm
BAS S302

Instructor: Jason DeBacker
Office: BAS N306
Office Hours: Tuesday 9am-11am, Thursday 11am-1pm; or by appointment
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☎ (615) 898-2528

Textbooks:
- *Taxing Ourselves*, by Joel Slemrod and Jon Bakija, MIT Press, 2008. (Excellent lay persons’ summary of tax policy - please purchase this text)
- *The Economics of Taxation*, by Bernard Salanié (optional, but great reference for theory of taxation)

Webpage: Announcements, problem sets, and additional readings will be posted to the class website which can be found at: http://mtweb.mtsu.edu/jdebacker/PubFin.html.

Course Description: The objective of this course is to provide students with the tools of economic theory, and the details of the U.S. tax system, so that they may be better able to analyze the effects of tax policy. The course will cover theories of tax incidence, economic efficiency, measures of the performance of the U.S. tax system, and options for tax reform.

Semester Plan: The semester plan, as well as the exam dates, are attached to this document. As the semester proceeds, there may be changes in the dates certain material will be presented. I will announce any changes to the schedule and then post them on the course webpage. The exam dates will not change.

Class Preparation: Students are expected to have read the relevant materials prior to their presentation in class and to review material covered in the previous classes. I expect every student to be able to participate in classroom discussions.

Assignments: Over the course of the semester there will be three problem sets and three short writing assignments. Problem sets will consist of mostly of numerical examples. Details on the writing assignments will be provided when they are given. A component of the first two writing assignments will be a short (10-15 minute) in-class presentation on your topic. All assignments will be collected at the beginning of the class on the due date. Electronic submission before class is also accepted. Submissions after the due date will not be accepted.

Exams: There are two exams in the course; one midterm exam and a final exam. These exams will consist of analytical problems and short answer questions that test your ability to apply the economic concepts that you will learn through the lectures, problem sets, and readings. Missed exams generally will be treated as zeroes. The exception is if you have a family emergency or serious personal illness. Documentation of the emergency or illness will be required. If you miss an exam with a valid excuse, then the other exam will be re-weighted. There are no make-up exams.

The first midterm exam will be given on March 6 and the final exam will be given on Thursday May 8 from 3:30-5:30pm, according to the schedule given by the Registrar’s Office (http://www.mtsu.edu/records/sfexam.php).

Grade Determination: Your grade will be based on the following components: midterm exam (20%), final exam (20%), 3 writing assignments (45%), and 3 problem sets (15%).
The following grading scale will be employed:
A = 92.5 and up
A- = 90.0-92.4
B+ = 87.5-89.9
B = 82.5-87.4
B- = 80.0-82.4
C+ = 77.5-79.9
C = 72.5-77.4
C- = 70.0-72.4
D+ = 67.5-69.9
D = 62.5-67.4
D- = 60.0-62.4
F = 59.9 and below

Grades will be calculated exactly as above. Note that there are no opportunities for “extra credit.” Please do not ask for special favors or consideration of individual circumstances in the determination of your grade.

**Attendance:** Attendance will not be monitored and does not directly affect your grade. However, it is very likely that missing class will adversely affect your grade in an indirect way.

**Disabilities or Health Related Issues:** Reasonable accommodations for students with disabilities: ADA accommodation requests (temporary or permanent) are determined only by Disabled Student Services.

Students are responsible for contacting the Disabled Student Services Office at 615-898-2783 to obtain ADA accommodations and for providing the instructor with the accommodation letter from Disabled Student Services.

**NOTE:** The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary.
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<td>January 16</td>
<td>Introduction; Taxation in Practice: Current U.S. Tax System; Review of Welfare Economics</td>
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<td>January 23</td>
<td>Theory: Tax Incidence</td>
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<td>January 30</td>
<td>Theory: Efficiency</td>
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<td>February 6</td>
<td>Theory: Optimal Taxation</td>
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<td>February 13</td>
<td>Institutions, Process, and Public Choice</td>
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<td>February 20</td>
<td>Empirical Public Finance: Individual Taxation</td>
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<td>February 27</td>
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<td>March 6</td>
<td><strong>Midterm</strong></td>
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<td>March 20</td>
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<td>March 27</td>
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<td>April 3</td>
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<td>Tax Reform: Income vs. Consumption Taxes</td>
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<td>April 10</td>
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<td>April 17</td>
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<td>April 24</td>
<td>Tax Reform Prototypes: Theory and Practice</td>
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<td>May 8</td>
<td><strong>Final Exam, 3:30-5:30pm</strong></td>
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**Readings:**

1. Intro and Review of Welfare Economics
   (a) Slemrod and Bakija, Chapter 1

2. Taxation in Practice: The Current U.S. Tax System
   (a) Slemrod and Bakija, Chapter 2
   (b) Salanić, Introduction & Appendix A

3. Theory: Tax Incidence
   (a) Slemrod and Bakija, Chapter 3
   (b) Salanić, Chapter 2
   (c) Metcalf and Fullerton, “The Distribution of Tax Burdens: An Introduction”, NBER Working Paper #8978
   (e) Poterba, “Retail price reactions to changes in changes in state and local sales taxes”, *National Tax Journal* 49 (1996) 165-176.

4. Theory: Economic Efficiency
   (a) Slemrod and Bakija, Chapter 4
   (b) Salanić, Chapter 1

5. Theory: Optimal Taxation
   (a) Salanić, Chapter 3, 4 & 5


6. Taxation in Practice: Institutions, Process, and Public Choice


7. Empirical Public Finance: Individual Taxation

(a) Slemrod and Bakija, Chapter 5
(l) Liebman and Saez, 2006
(m) Chetty, Looney, and Kroft, 2009
(n) Finklestein, 2009
(o) Chetty and Saez, 2013
(p) Marion and Muehlegger, 2008
(q) Slemrod and Johns, 2010
(r) Doyle and Samphanthararuk, 2008

8. Empirical Public Finance: Corporate and Business Taxation

(a) Slemrod and Bajka, Chapter 6
(b) Jorgenson and Yun, “Lifting the Burden: Tax Reform, the Cost of Capital and U.S. Economic Growth”, 2001
(c) Hall and Jorgenson, “Tax Policy and Investment Behavior”, American Economic Review. 1967
   (a) Slemrod and Bajka, Chapter 7
   (b) 2005 Tax Panel Final Report, Chapters 5-6
   (d) Graetz, “A Fair and Balance Tax System for the Twenty-first Century”, Chapter 3, Towards Fundamental Tax Reform, 2005

10. Tax Reform Prototypes: Theory and Practice
   (a) 2005 Tax Panel Final Report, Chapters 7-9
   (b) Hubbard, “Would a Consumption Tax Favor the Rich?”, Chapter 5, Towards Fundamental Tax Reform, 2005
   (d) Gale and Steuerle “Tax Policy Solutions”, Brookings Institute, 2005
   (g) Bill Gale, “Flat Tax”, Brookings Institute, 2005