ECONOMICS 230B
PUBLIC SECTOR MICROECONOMICS

This course follows Economics 230A, and will consider several applications of the theory of taxation and public expenditures. Although Economics 230A is not an absolute prerequisite, students who have not taken that course may find the need to do some additional reading to be able to follow the material in some sections of Economics 230B.

Class meetings: Tuesdays (and, on occasion, Thursdays), 9-11, 639 Evans Hall

Office hours: Monday, 10:00-11:30

Prerequisites: First-year graduate microeconomics (Economics 201A,B)
First-year graduate econometrics (Economics 240A)

Requirements: Problem sets (2) - 20%
Paper (5 page review) - 15%
Class participation - 20%
Final examination - 45%

There is no required textbook for this course. All starred readings below are required and are included in the course reader, which will be available at Copy Central. Several of the papers are reprinted in Alan J. Auerbach, ed., Public Finance (Worth Series in Outstanding Contributions), 2000.

I. BEHAVIORAL EFFECTS OF CAPITAL INCOME TAXATION

A. Savings and Portfolio Choice


**B. Capital Gains Taxation**


**C. Corporate Financial Structure**


**D. Investment Behavior**


## II. LABOR INCOME TAXATION AND INCOME TRANSFER PROGRAMS

### A. Basic Labor Supply Estimates


### B. Responsiveness of Taxable Income


### C. The Design of Low Income Support Schemes


D. Behavioral Responses


III. SOCIAL SECURITY

A. Design Issues


B. Simulation Models of the Impact of Social Security


C. Social Security and Labor Supply


D. Social Security and Saving


E. Distributional Issues and Reform


F. Political Economy


IV. GOVERNMENT POLICY AND HEALTH INSURANCE


