

# 14.41: PUBLIC ECONOMICS

## Fall Term, 2022

Professor Jonathan Gruber

[REDACTED]

Office Hours: Mondays 1:00-2:00pm in E52-434 and Thursdays 3:00-5:00pm on zoom.  
*Sign up for office hour appointments on Canvas.*

This course examines the role of the public sector in the economy. The aim of the course is to provide an understanding of the reasons for government intervention in the economy, the extent of that intervention, and the response of private agents to the government's actions.

**Prerequisites:** 14.01

### **Class Meetings:**

Lectures will meet on Monday and Wednesday, from 2:30-4:00 pm in E51-395. Sections will meet on Friday, from 12:00-1:00 pm in E52-164. *Section attendance is mandatory!*

**Requirements and Grading:** There are three sets of requirements for this course:

1) Readings - The only required reading is my textbook, Public Finance and Public Policy (Seventh Edition).

2) Exams - There will be a midterm exam worth 25% of the grade, tentatively scheduled for in class on October 24. There will be a final exam worth 50% of the grade during finals period.

3) Problem Sets - There will be 6 problem sets throughout the semester, each of which will consist of both mathematical exercises and essay questions. This requirement will be worth the remaining 25% of the grade. **No late problem sets will be accepted for any reason.** Grading will be based on the top 5/6 grades (lowest grade will be dropped).

**Website:** The course website is on Canvas: [REDACTED]  
Problem sets and other course materials will be posted there.

### **Teaching Assistants:**

Hannah Ruebeck ([REDACTED])

Office Hours Wednesday 4-5:30pm, Thursday 5-6:30pm, [REDACTED]

Kartik Vira ([REDACTED])

Office Hours Monday 10:30am-12pm, Thursday 2:30-4pm, [REDACTED]

# Course Topics & Readings

L1: September 7: Why Study Public Finance?  
Chapter 1

S1: September 9: Section 2.2 & Chapter 3

L2: September 12: Externalities in Theory  
Chapter 5

L3: September 14: Externalities in Theory & Practice  
Chapters 5 & 6

S2: September 16: Externality Theory, PS #1 Assigned (DUE IN 2 WEEKS)

L4: September 19: Externalities in Practice II  
Chapter 6

L5: September 21: Public Goods Theory, Optimality and Pricing  
Chapter 7

SEP 23: NO SECTION

L6: September 26: Cost/Benefit Analysis  
Chapter 8

L7: September 28: Political Economy  
Chapter 9

S3: September 30: Public Goods Theory Math , PS 1 due, PS #2 Assigned (DUE IN 2 WEEKS)

L8: October 3: Local Public Goods and Fiscal Federalism  
Chapter 10

L9: October 5: Public Provision of Private Goods: Education  
Chapter 11

S4: October 7: Deficits and Debts (Chapter 4)

NO CLASS OCTOBER 10 – COLUMBUS DAY

L10: October 12: Social Insurance Theory  
Chapter 12

S5: October 14: Social Insurance Mathematics & Examples – PS #2 due, PS #3  
Assigned (DUE IN 1 WEEK)

L10: October 17: Social Security  
Chapter 13

L12: October 19: Other Social Insurance Programs  
Chapter 14

S6: October 21: Midterm review – PS #3 Due

OCTOBER 24: MIDTERM IN CLASS

L13: October 26: Health Care I  
Chapter 15

S7: October 28: Social Insurance/Health Care – PS #4 Assigned (DUE IN 1 WEEK)

L14: Oct 31: Health Care II  
Chapters 15 & 16

L15: November 2: Health Care III  
Chapter 16

S8: November 4: Health care – PS 4 due, PS 5 assigned (DUE IN 2 WEEKS)

L16: November 7: Redistribution and Welfare Policy  
Chapter 17

L17: November 9: Redistribution & Welfare II  
Chapter 17

NOVEMBER 11: NO SECTION – VETERANS DAY

L18: November 14: Overview of Taxation & Tax Base  
Chapter 18

L19: November 16: Tax Base & Tax Incidence

Chapters 18, 19

S9: Nov 18: Math of Redistribution & Tax – PS #5 due, PS #6 Assigned (DUE 2 WEEKS)

L20: November 21: Tax Efficiency  
Chapter 20

NO CLASS NOVEMBER 23 & 25: THANKSGIVING

L21: November 28: Taxation and Labor Supply  
Chapter 21

L22: November 30: Taxation and Savings  
Chapter 22

S10: December 2: Mathematics of Taxation – PS #6 Due

L23: December 5: Wealth Taxation  
Chapter 23

L24: December 7: Corporate Taxation  
Chapter 24

S11: December 9: Final exam review

L25: December 12: Tax Reform  
Chapter 25

L26: December 14: Tax Reform II  
Chapter 25

Students for Open and Universal Learning

<https://soul.mit.edu>

<https://mitsoul.org>

MIT 14.41 Public Finance and Public Policy

Fall 2022

Licensed under CC BY-NC-SA 4.0

For more information about citing these materials or our terms of use, visit

<https://mitsoul.org/license>.