

ECONOMICS 153: INCOME MAINTENANCE AND INSURANCE

Winter 2007

TTh 5:00-6:20 PETER 104

Professor

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Economics 213

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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 also teach you how to analyze two broad categories of government expenditure policies and programs.

Prerequisites: This course is an applied microeconomic course. Economics 100A and 100B (or 170A and 170B) are prerequisites.

Class Meetings: Lectures will meet TTh 5:00-6:20 in Peterson Hall 104. There will be no class on Tuesday February 20.

Web Site: The course web site is accessible through WebCT (<http://webct.ucsd.edu>). Your WebCT username and password are the same as your UCSD (ACS) e-mail username and password. Lecture notes, problem sets, and other support materials will be posted there.

Requirements:

- 1. Readings** should be completed *before* the relevant class. The required text is Gruber's Public Finance and Public Policy (Worth Publishers). You may use either the first or the second edition.
- 2. Practice problem sets** will be assigned regularly. Although the problem sets will not be collected and do not count toward your grade, working through these problems on your own is the best way to prepare for the exams.
- 3. Two exams.** The midterm exam will be held during the regular class period. The final exam will be cumulative. There will be no make-up exams.

Midterm: Tuesday Feb 6 (in class) 40%

Final exam: Thursday March 22 (7-10 pm) 60%

Course outline:

Note: the relevant page numbers for the first edition of the text are shown in parentheses

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

Gruber Chapter 1

2. Review of Microeconomic Underpinnings

Gruber Chapter 2 pp. 25-37 (23-35), pp. 43-52 (41-50)

3. Redistribution and Welfare Policy

3.1 Justifications for government intervention

Gruber Chapter 2 pp. 52-7 (50-4)

3.2 Poverty and inequality in the U.S.

Gruber Chapter 17 pp. 478-85 (452-9)

3.3 Welfare policy in the U.S.

Gruber Chapter 17 pp. 485-8 (459-62)

3.4 Program design issues

Gruber Chapter 2 pp. 37-43 (35-41), pp. 60-1 (57-8)

Gruber Chapter 17 pp. 488-506 (462-79)

3.5 Welfare reform

Gruber Chapter 17 pp. 506-8 (479-82)

Gruber Chapter 10 pp. 272-7 (260-6)

4. Social Insurance

4.1 Key programs and justifications for government intervention

Gruber Chapter 12 pp. 314-6 (301-3), 328-31 (314-6)

4.2 Theory of insurance markets

Gruber Chapter 12 pp. 316-28 (303-14), 332-41 (316-25)

4.3 Financing social insurance

Gruber Ch. 20 pp. 600-5 (572-7)

4.4 Social Security

Gruber Chapter 13 pp. 348-80 (331-61)

4.5 Disability insurance

Gruber Chapter 14 pp. 384-5 (365-6), 387-8 (368-9), 395-9 (378-9)

4.6 Workers' compensation

Gruber Chapter 14 pp. 388-90 (369-71), 398-401 (380-1), 404-5 (385)

4.7 Unemployment insurance

Gruber Chapter 14 pp. 385-7 (366-8), 390-7 (371-7), 400-8 (381-7)
Gruber Chapter 12, pp. 332-6 (316-20)