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Public finance 10th edition by rosen and gayer pdf

Part I: Setting the Stage Getting Started Introduction Tools for Analyzing Positive and Normative Analysis Part II: Public Expenditure Public Goods and Externalities Education Cost-Benefit Analysis Health Care Market Government Intervention in Health Care Social Security Income Redistribution: Conceptual Issues Expenditure Programs for Low-Income Individuals Part III: Public Spending Social Insurance and Income Maintenance Health Care Market Failure Government Intervention in Healthcare Social Security System Income Redistribution: Practical Applications Expenditure Programs for the Poor Part IV: Framework for Tax Analysis Taxation and Income Distribution Taxation and Efficiency Efficient and Equitable Taxation Part V: US Revenue System Personal Income Tax Impact of Personal Taxation on Behavior Corporation Tax Deficit Finance Fundamental Tax Reform: Taxes on Consumption and Wealth Part VI: Multigovernment Public Finance Public Finance in a Federal System Appendix Glossary References Author Index Subject Index The new edition of "Public Finance" by Harvey Rosen and Ted Gayer explores the latest developments in government expenditure and tax policies. The book delves into topics such as increased tax rates, changes to capital gains and dividends taxation, the estate tax, and the Alternative Minimum Tax. Additionally, it examines the taxation of multinational corporations, presenting two alternative systems: global taxation and territorial taxation. The chapter on Health Care now includes a discussion of the Affordable Care Act, focusing on the mandate requiring everyone to purchase health insurance. The authors also continue to introduce readers to current research in public finance, providing a modern, theoretical, and empirical approach that is shared by most active economists. With this new edition, students can gain a deeper understanding of how economics can be used to analyze government expenditure and tax policies. The book's accessible approach makes it suitable for undergraduates with little prior exposure to economics. The authors' goal is to provide a clear and coherent view of the role of government spending and taxation, emphasizing the links between sound economics and real-world policy problems. **Public Goods, Externalities, and the Economy** ####Public Goods * Public goods are non-rivalrous and non-excludable goods or services that benefit society as a whole. * Examples include national defense, public parks, and education. **Efficient Provision of Public Goods** * Efficient provision of public goods occurs when the quantity produced is equal to what society would have chosen if it were able to make decisions based on individual preferences and costs. * This is known as the "efficient provision" condition. ####Externalities * Externalities are non-price effects that arise from economic activity, affecting third parties outside of the market transaction. * Examples include pollution and congestion. **Public Responses to Externalities** * Public responses to externalities include taxes, subsidies, emissions fees, cap-and-trade programs, and command-and-control regulation. * These policies aim to internalize the costs of externalities and make economic activity more efficient. ####Political Economy * Political economy is the study of how political institutions and processes shape economic outcomes. * Examples include direct democracy, representative democracy, and special interest groups. **Public Education** * Public education is a public good that provides essential services to society as a whole. * Government intervention in education can help improve educational outcomes and increase earnings. ####Cost-Benefit Analysis * Cost-benefit analysis is a decision-making tool used by government agencies to evaluate the costs and benefits of projects. * Examples include calculating the present value of future dollars, projecting future dollars into the present, and valuing public benefits and costs. **Social Insurance and Income Maintenance** * Social insurance and income maintenance programs provide financial support to individuals and families in need. * Examples include government-provided health care, unemployment insurance, and old-age pensions. **Public Finance in the United States** ####Chapter 10: Health Care and Social Security **Health Insurance and Medicare/Medicaid** - **Medicare Overview**: A federal health insurance program for individuals aged 65 or older, as well as certain younger people with disabilities. - **Cost Control under Medicare**: Efforts to manage spending include reimbursement reforms and price transparency initiatives. - **Impacts on Spending and Health**: Changes in Medicare can affect both healthcare costs and the quality of care received by beneficiaries. **Medicaid Overview**: A joint federal-state program providing health insurance coverage to low-income individuals, including children, pregnant women, and people with disabilities. - **Impacts on Health**: Medicaid expansion can improve access to health services for underserved populations, potentially leading to better health outcomes. - **Health Care Reform Mandates**: Requirements for healthcare providers and insurers to cover certain preventive services and maintain minimum coverage standards. **Other Topics** - **Single Payer System**: A model in which a single entity, usually the government, pays for all healthcare costs. - **Health Savings Accounts (HSAs)**: Tax-advantaged savings accounts designed to help individuals pay for medical expenses. ####Chapter 11: Social Security **Why Have Social Security?** - **Consumption Smoothing**: A rationale for social security is that it can help smooth consumption over an individual's lifetime, reducing income uncertainty. - **Annuity Market and Adverse Selection**: The social security system can mitigate the risk of adverse selection in private annuity markets. **Structure of Social Security** - **Basic Components**: Old-age and survivors insurance, disability insurance, and hospital insurance are the main components. - **Distributional Issues**: Social security benefits can be regressive or progressive depending on the distribution of income among beneficiaries. ####Chapter 12: Income Redistribution **Conceptual Issues** - **Distribution of Income**: Understanding how income is distributed across different groups and populations. - **Interpreting Distributional Data**: Analyzing data to understand income inequality and its effects. - **Rationales for Income Redistribution**: Justifications for transferring income from one group to another, such as reducing poverty or improving overall well-being. **Other Considerations** - **Expenditure Incidence**: How the cost of a policy or program is borne by different groups, potentially affecting who benefits and who pays. - **Public Goods**: Understanding that certain goods or services are provided not for individual profit but for the benefit of society as a whole. ####Chapter 13: Expenditure Programs for the Poor **A Quick Look at Welfare Spending** - **TANF (Temporary Assistance for Needy Families)**: A program providing financial assistance to low-income families with children. - **Income Maintenance and Work Incentives**: The interplay between income support and work incentives in programs aimed at reducing poverty. ####Chapter 14: Taxation and Income Distribution **Tax Incidence** - **General Remarks**: Taxes can have different effects depending on who bears the cost (tax incidence) and how that affects overall economic activity. - **Sources and Uses of Income**: Understanding both sides of income distribution is crucial for tax analysis. - **Incidence Depends on How Prices Are Determined**: Tax policy implications arise from how markets and prices are affected by taxation. **Other Topics** - **Tax Progressiveness**: Assessing whether taxes are more burdensome to higher-income individuals, potentially promoting economic equality. - **General Equilibrium Models**: Comprehensive models that account for market interactions and tax effects on both sides of the economy. - **The Harberger Model**: A specific analysis approach using general equilibrium models. ####Chapter 15: Taxation and Efficiency **Efficient Taxation** - **Excess Burden Defined**: Understanding how taxation can impose additional economic costs beyond mere revenue collection, affecting efficiency. - **Differential Taxation of Inputs**: Analyzing the impact on inputs (like labor or capital) when taxed differently. ####Chapter 16: Efficient and Equitable Taxation **Optimal Commodity Taxation** - **The Ramsey Rule**: A principle guiding the design of optimal commodity taxes to achieve social welfare maximization. - **Equity Considerations**: How taxation can be structured to promote fairness in income distribution, affecting overall social well-being. ####Chapter 17: The Personal Income Tax **Basic Structure and Defining Income Items** Looking at H-S Income, there are some practical and conceptual problems. The H-S Criterion is used to evaluate excludable forms of money income. Interest on state and local bonds is also a consideration. There are dividends and capital gains to consider as well. Employer contributions to benefit plans can be a factor. Some types of saving include gifts and inheritances. Exemptions and deductions play a role, impacting the tax base and leading to tax expenditures. The simplicity issue arises with rate structures, having effective versus statutory rates. Taxes and inflation have an impact, how inflation affects taxes being a key concern. Coping with the tax/inflation problem is essential. The Alternative Minimum Tax choice of unit and the marriage tax are also discussed. There's a background on the marriage tax treatment of international income, state income taxes, politics, and tax reform. Personal taxation involves labor supply theoretical considerations and some caveats. Labor supply and tax revenues are connected through saving tax-preferred savings accounts. Taxes affect housing decisions and proposals for change. Portfolio composition is also examined. A note on politics and elasticities concludes part 19. The corporation tax is why corporations pay taxes, structure including employee compensation, deductions, and interest. The effective tax rate on corporate capital is a key issue. Incidence and excess burden are considered in a tax on corporate capital. Effects of behavior and total physical investment types are also looked at. Corporation tax reform involves full integration and dividend relief. Deficit finance involves interpreting deficit, surplus, and debt numbers. Lerner's view, an overlapping generations model, neoclassical model, and Ricardian model provide insights. To tax or borrow is the question, considering benefits-received principle, intergenerational equity, efficiency considerations, macroeconomic considerations, moral, and political considerations. Fundamental tax reform looks at taxes on consumption and wealth, efficiency issues with personal consumption taxes. Efficiency and distributional implications of state sales taxes are discussed. A national retail sales tax or VAT for the United States is also considered. Hall-Rabushka flat tax, cash-flow tax, income versus consumption taxation have their advantages and disadvantages. Wealth taxes, estate and gift taxes face rationales and provisions. Reforming these areas has prospects for fundamental tax reform. Public finance in a federal system involves community formation, the Tiebout model, and implications of decentralized systems. The latest edition of Public Finance, written by Harvey Rosen and Ted Gayer, offers a unique combination of research and government experience that makes complex economic concepts accessible to undergraduates with limited prior knowledge. The book's approach emphasizes the practical applications of economics in analyzing government spending and taxation, reflecting the current research and policy debates in the field. With this new edition, students will gain a clear understanding of how sound economics can be used to tackle real-world policy issues, building on the authors' years of experience in shaping public finance policy.