

Moravian College
Department of Economics and Business
ECON 330: Public Finance
Fall 2009

Instructor: Dr. Linda L. Ravelle

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Office Hours: M 12:00 – 2:00 PM
W 12:00 – 1:00 PM
Also by appointment

Prerequisites: ECON 152, ECON 225

Textbook: PUBLIC FINANCE AND PUBLIC POLICY, 2nd edition, Jonathan Gruber. Worth Publishers, 2007.

Additional readings may be assigned during the semester.

Class Times: M, W 10:20 – 11:30

COURSE OBJECTIVES: This course is designed to help you understand how the public sector of the economy functions and how governments make spending and financing decisions. By the end of the course you should be able to answer the four questions of public finance: When should the government intervene in the economy? How might the government intervene? What is the effect of those interventions on economic outcomes? Why do governments choose to intervene in the way that they do? You will become aware of current public policy issues and controversies. This is a writing intensive course so you will also use a variety of writing assignments to help you understand the material.

GRADES: The course grade is determined by the following formula:

Three exams	45%
Group Project	20%
Journal	10%
Individual Project	15%
Class Participation	10%

EXAMS: The exam dates are noted on the syllabus and will not be changed. Exams consist of problems, essays, and short answer questions. Makeup exams are given only in EMERGENCY situations and are significantly different than the original exam. You may need a calculator during some exams, and you cannot share calculators. Cell phones must be turned off and kept out of sight during exams.

GROUP PROJECT: The purpose of this project is to help you apply theoretical material learned in class to the analysis of a current public policy issue. It will also provide you with an opportunity to improve your research and writing skills.

GROUPS: By the third week of the semester you must select (or be assigned to) a group of 3 students. There will be approximately 7 groups in this class.

TOPICS: Your group should select a current public policy issue to analyze. You must choose a topic by the fourth week of the semester and must have the topic approved by me. Two groups cannot select the same topic. Each group must schedule two conferences with me, one to discuss the topic and another to give a progress report.

PAPER: Each group will write a paper on the chosen topic. The paper should be at least 10 pages long and should be double spaced in a uniform font. Supporting documents should be included in appropriately labeled appendixes and the paper should be formatted according to the APA style. The final paper is due on December 2nd.

JOURNAL: Public Finance is both a theoretical and an applied discipline, and in order to fully understand it you should become aware of the current events that illustrate the various topics discussed in class. To this end you will keep a journal of these events during the semester. Read a newspaper regularly and make note of relevant current events, editorials, etc. Note the date and title of the article and briefly describe the event and your reaction to it. You can include reactions to your readings of the textbook or class discussions as well. The journal should be word-processed and you should bring it to every class to facilitate discussion. The journal is informal and will not be graded for content, grammar, spelling, etc. but it will be collected periodically and at the end of the semester will be graded for completeness and effort. The due dates are not on the syllabus but will be announced in class.

INDIVIDUAL PROJECT: Select three of the articles or editorials you note in your journal and analyze them in more depth, using principles and models found in the textbook or discussed in class. The articles should be long enough to provide a foundation for analysis, and you should diversify your selection (don't select three articles about the same topic). Each analysis should be brief (2-3 double spaced pages). You should attach a copy of the article and include the title, date, and source on a separate title page. You should also put your name, the date, and the course name and number on the title page. The papers are due on or before the last class (December 9th). You may hand in one or

more of these articles before the due date in order to avoid the end-of-semester rush. You may also hand in a draft of any article up to two weeks before the final due date.

ATTENDANCE AND PARTICIPATION: Text chapters and dates are listed on the following pages. You should read chapters before coming to class and be prepared to discuss the material. Please do not disrupt class by arriving late or leaving early. The class participation grade is determined by attendance (50%) and ability to answer questions and participate in class discussions (50%).

HONESTY: All students are expected to adhere to the College's Policy on Academic Honesty as outlined in the Student Handbook. Students who violate the Policy must accept the consequences dictated by this policy. If you have any questions about this policy, please see me.

CELL PHONES: You may not use cell phones in class. Please turn them off before you come to class.

DISCLAIMER: I will make every effort to adhere to the dictates of this syllabus. However, unexpected events may cause delays or changes in assignments. I will announce these changes in class.

DATE	TOPIC	CHAPTER
Aug 31	Why Study Public Finance?	1
Sept 2	Externalities: Problems & Solutions	5
7	LABOR DAY: NO CLASS	
9		
14	Externalities in Action	6
16		
21	Public Goods	7
23		
28	Cost Benefit Analysis	8
30		
Oct 5	EXAM I	

DATE	TOPIC	CHAPTER
Oct 7	Political Economy	9
12	FALL RECESS	
14	Education	11
19	Social Insurance	12
21		
26	Social Security	13
28		
Nov 2	Health Insurance I	15
4		
9	EXAM II	
11	Health Insurance II	16
16		
18	Taxation in the U.S. and around the World	18
23		
25	THANKSGIVING RECESS	
30	Tax Incidence	19
Dec 2	Tax Inefficiencies	20
	GROUP PROJECTS DUE	
7	Fundamental Tax Reform	25
9	LAST DAY TO TURN IN INDIVIDUAL PAPERS	
17	FINAL EXAM 1:30 pm	