

MORAVIAN COLLEGE
DEPARTMENT OF ECONOMICS AND BUSINESS
ECON 330: Public Finance
Fall 2011

Instructor: Dr. Linda L. Ravelle
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Office Hours: M 2:30 – 4:00 PM
T,R 9:00 – 10:00 AM
Also by appointment

Textbook: *Public Finance and Public Policy*, Jonathan Gruber, 3rd edition, Worth Publishers, 2011

Recommended: *The Wall Street Journal*

Textbook Web Site: You can find Student PowerPoint notes along with other useful information for each chapter at <http://www.worthpublishers.com/gruber>.

Class Times: M,W 11:45 -12:55 AM

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.

Prerequisites: Economics 152 and 225.

Grades: The final course grade will be calculated according to the following formula:

| | |
|------------------------------|-----|
| Exams | 45% |
| Assignments | 15% |
| Journal | 10% |
| Individual Project | 20% |
| Attendance and Participation | 10% |

Exams: There are two midterm exams and one final exam. The exam dates are noted on the syllabus and will not be changed. 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.

Assignments: During the semester you will be given several assignments, announced in class. These will include end-of-chapter questions and problems as well as outside readings and analysis of current events. These assignments are due on specified due dates and will be graded. Assignments turned in late will be penalized one letter grade per day late.

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 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 7th). 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: I take attendance at the beginning of each class. If you come in late you are responsible for letting me know that you are in class. You should read the chapters and do end-of-chapter assignments before coming to class so that you can participate in class discussions. You must bring your textbook and journal to class.

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.

Classroom Behavior: Please be considerate. Do not arrive late, leave early, or walk out during class. Turn off cell phones before coming to class. Do not engage in personal conversations during class and respect your fellow classmates' opinions.

Caveat: I will make every effort to cover the material outlined in the following pages of this syllabus. However, unexpected events may cause the delay or removal of some material. These changes will be announced in class.

Quote: "I don't make jokes. I just watch the government and report the facts." *Will Rogers*

| DATE | CHAPTER | TOPIC | |
|------|---------|-------|---------------------------------------|
| Aug | 29 | 1 | Why Study Public Finance? |
| | 31 | 4 | Budget Analysis and Deficit Financing |
| Sept | 5 | | LABOR DAY |
| | 7 | 5 | Externalities |
| | 12 | | |
| | 14 | 6 | Externalities in Action |
| | 19 | | |
| | 21 | 7 | Public Goods |
| | 26 | | |
| | 28 | | EXAM 1 |
| Oct | 3 | 8 | Cost Benefit Analysis |
| | 5 | 9 | Political Economy |
| | 10 | | FALL BREAK |
| | 12 | 11 | Education |

| DATE | CHAPTER | TOPIC | |
|-------------|----------------|--------------|--|
| | 17 | 12 | Social Insurance |
| | 19 | 13 | Social Security |
| | 24 | 14 | Unemployment Insurance, Disability Insurance, and Workers' Compensation |
| | 26 | 15 | Health Insurance I |
| | 31 | 16 | Health Insurance II |
| Nov | 2 | | Exam 2 |
| | 7 | | |
| | 9 | 18 | Taxation in the U.S. and around the World |
| | 14 | | |
| | 16 | 19 | Tax Incidence |
| | 21 | | |
| | 23 | | THANKSGIVING BREAK |
| | 28 | 20 | Tax Inefficiencies |
| | 30 | 24 | Corporate Taxation |
| Dec | 5 | 25 | Fundamental Tax Reform |
| | 7 | | Review, evaluation |
| | 14 | 1:30 PM | FINAL EXAM |
