

SYLLABUS

ECONOMICS 330

PUBLIC FINANCE

FALL TERM 2014

Instructor: Dr. Linda L. Ravelle
Comenius 217
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Hours: M,T,W,Th 9:00 – 10:00 AM
Also by appointment

Textbook: PUBLIC FINANCE AND PUBLIC POLICY, 4th Edition, Jonathan Gruber, Worth Publishers, 2013.

Recommended: *The Wall Street Journal* or *The New York Times*

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 course grade is determined by the following formula:

Exams	45%
Term Project	20%
Assignments	15%
Journal	10%
Class Participation	10%

Exams: There are two midterm exams and one final exam. Each exam makes up 15% of your final grade. 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 all exams.

Assignments: During the semester you will be given several assignments, announced in class. These will include end-of-chapter questions as well as outside readings and analysis of current events. These assignments are due on dates announced in class. All homework will be graded, and if you turn in an assignment late (after the class period in which it is due) the grade will be reduced one letter grade per day late. Missing assignments will receive a zero, which can significantly lower your overall assignment grade. Please explain all answers or show relevant work. You must do your own work. Failure to attend class is not a valid excuse for turning in assignments 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. 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 will be announced in class.

Term 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 4th). You may hand in one or more papers 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 to class late you are responsible for letting me know that you are in class. You should read the assigned chapter or other reading assignments before coming to class so that you can participate in classroom discussions. Bring the textbook and your journal to every class. You may not use cell phones in 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.

Disabilities: Students who wish to request accommodations in this class for a disability must contact Elaine Mara, assistant director of academic support services for academic and disability support at the lower level of Monocacy Hall or by calling 610-861-1401. Accommodations cannot be provided until authorization is received from the office of Learning Services.

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, quoted in Saturday Review August 25, 1962.*

DATE	TOPIC	CHAPTER
Aug 26	Why Study Public Finance?	1
28	Tools of Public Finance	2, 3
Sept 2	Budget Analysis and Deficit Financing	4
4	Externalities: Problems and Solutions	5
9		
11	Externalities in Action	6
16	Public Goods	7
18	Cost Benefit Analysis	8
23		
25	EXAM 1	
30	Political Economy	9
Oct 2		
7	Education	11
9	Social Insurance	12
14	FALL BREAK	
16		
21	Social Security	13
23	Health Insurance I: Health Economics	15
28	Health Insurance II: Health Care Reform	16
30	Income Distribution and Welfare Programs	17
Nov 4	EXAM 2	
6	Taxation in the U.S. and around the World	18

DATE	TOPIC	CHAPTER
Nov 11	Tax Incidence	19
13		
18	Tax Inefficiencies	20
20	Taxes on Labor	21
25	Corporate Taxation	24
27	THANKSGIVING BREAK	
Dec 2	Fundamental Tax Reform	25
4		
12	FINAL EXAM	8:30 AM
