

Syllabus

Public Finance
Economics 320.01
MWF 9 – 9:50 AM

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Office hours: TuTh 9:40 – 11 AM

Course Description:

In Public Finance, we study the economic role of the public sector. This role includes expenditure programs, revenue and resource acquisition, and regulations, which significantly affect the “rules of the game” under which other economic actors operate.

Learning Objectives:

After completing this course, you will have acquired the following knowledge and skills:

1. A familiarity with the basic efficiency and equity trade-off governments face in decision-making.
2. How to use diagrams to illustrate the government’s potential role in ameliorating market failures such as public goods and externality problems.
3. How to use economic analysis to discuss income redistribution and the pros and cons of different income redistribution programs.
4. How to use the tools of economic welfare to illustrate the efficiency and equity implications of different tax regimes.
5. A working knowledge of the U.S. income tax system, and the elements of the tax code which support or violate a comprehensive definition of income.

Required Materials:

Textbook: *Public Finance and Public Policy* by Jonathon Gruber

A copy of the textbook will be available for 2-hour reserve at the library.

You will also need to check Moodle regularly: <http://umonline.umt.edu/>

Grading:

Lecture Quizzes	10%
Participation	10%
First Exam (September 28)	25%
Second Exam (November 2)	25%
Final (Monday, Dec 19, 8–10 AM)	30%

Class Policies:

Remember that your learning experience and the quality of each class will depend on your level of preparation. This means doing the assigned readings and reviewing your notes before each class. The exams will cover both the assigned readings and what we talk about, so it is crucial that you do the readings and come to class consistently. If you miss a class, it is your responsibility to get notes, announcements, assignments, etc from your classmates.

Accessibility:

This course is accessible to and usable by otherwise qualified students with disabilities. To request reasonable program modifications, please come and talk to me, and make sure that you're in touch with Disability Services (243-2243) in Lommasson Center 154.

Participation:

Your participation grade is based on your class attendance, your participation in class discussions and your performance on reading quizzes, which will consist of a few brief questions to test whether you have read the article assigned for class. The articles are posted on Moodle. The quiz will occur on the day the reading assignment is due, and there will be **no make-ups**.

Exams:

Make sure you have no conflicts with the exam dates. Examinations must be taken at the assigned time or a zero will be recorded. Exceptions to this policy will only be granted for serious circumstances that are **beyond your control**. Arrangements for an exception must be made as soon as possible and in advance if at all possible. You should be prepared to provide evidence that the situation is indeed beyond your control.

Lecture Quizzes:

In addition to the reading quizzes described above, there will be five quizzes on material covered in class. These are intended to give you practice using the skills we discuss and to familiarize you with the types of questions that will be on exams. You can drop one quiz.

Academic Integrity:

I expect you to know and abide by the Honor Code in all matters pertaining to this course. Violations of this code will be pursued in accordance with the code.

Course Schedule: A tentative outline of when we will cover which subjects.

	Date	Assignment	Topic	Readings (Gruber)
Week 1	Aug 29		Introduction	Chapters 1 & 2
	Aug 31		Empirical Tools	Chapter 3
	Sept 2			
Week 2	Sept 5	No Class	Labor Day	
	Sept 7	Lecture Quiz 1	Externalities	Chapter 5
	Sept 9			
Week 3	Sept 12			
	Sept 14		Public Goods	Chapter 7
	Sept 16			
Week 4	Sept 19			
	Sept 21	Lecture Quiz 2	Social Insurance	Chapter 12
	Sept 23			
Week 5	Sept 26			
	Sept 28	Exam 1	Social Security	Chapter 13
	Sept 30			
Week 6	Oct 3			
	Oct 5			
	Oct 7		Health Economics	Chapter 15
Week 7	Oct 10			
	Oct 12	Lecture Quiz 3		
	Oct 14			
Week 8	Oct 17		U.S. Health Care	Chapter 16
	Oct 19			
	Oct 21			
Week 9	Oct 24		Income Redistribution	Chapter 17
	Oct 26	Lecture Quiz 4		
	Oct 28			
Week 10	Oct 31			
	Nov 2	Exam 2		
	Nov 4		Introduction to Taxation	Chapter 18
Week 11	Nov 7			
	Nov 9			
	Nov 11	No Class	Veterans Day	
Week 12	Nov 14			
	Nov 16		Tax Incidence	Chapter 19
	Nov 18			
Week 13	Nov 21			
	Nov 23-25	No Class	Thanksgiving	
Week 14	Nov 28			
	Nov 30	Lecture Quiz 5		
	Dec 1		Taxes and Efficiency	Chapter 20
Week 15	Dec 5			
	Dec 7			
	Dec 9			
Week 16	Dec 12	Monday!		

Readings:

Kremer, Michael and Dan Levy, "Peer Effects and Alcohol Use among College Students," *Journal of Economic Perspectives*, Summer 2008

Slonim, R. et al., "The Market for Blood," *Journal of Economic Perspectives*, Spring 2014

Garber, Alan M. and Jonathan Skinner, "Is American Health Care Uniquely Inefficient," *Journal of Economic Perspectives*, Fall 2008

Kaestner, Robert and Darren Lubotsky, "Health Insurance and Income Inequality," *Journal of Economic Perspectives*, Summer 2002

Alvaredo, et al., "The Top 1 Percent in International and Historical Perspective," *Journal of Economic Perspectives*, Summer 2013

Mankiw, N. Gregory et al., "Optimal Taxation in Theory and Practice." *Journal of Economic Perspectives*, Fall 2009