

EC320 Economics of Public Finance

Fall 2008

Instructor: Dr. Anita Alves Pena

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Class Meetings: TR 11am-12:15pm, Clark C363.

Office Hours: TR 12:30-1:30pm, or by appointment.

Textbook (required): Harvey S. Rosen and Ted Gayer: Public Finance, 8th edition, 2008.

Course website: login at <http://ramct.colostate.edu>

Course Objective:

Public finance focuses on the role of government in market economies. The aim of the course is to provide an understanding of economic rationales for government intervention in the economy and to analyze how individuals respond to government action such as expenditure programs and tax policy. Emphasis is placed on current U.S. policy issues including health care, Social Security, welfare programs, and taxation.

Prerequisites:

Prerequisites for this course are principles of microeconomics and of macroeconomics (ECON 202/AREC 202 and ECON 204), or the equivalent to these courses taken at a different university. The prerequisites for the course will be enforced. Public Finance requires mathematical tools such as solving systems of equations and graphing functions.

Grading:

Grading will be based on 2 problem sets, 2 midterms, a group presentation (details to follow), and a cumulative final exam. Final letter grading will include plus and minus grades.

Problem Sets (20%)

Midterm Exam #1 (20%)

Midterm Exam #2 (20%)

Group Presentation (10%)

Final Exam (30%)

Course Policies:

Problem sets will be assigned at least one week before they are due. No credit will be given for late problem sets. Problems sets are due at the beginning of class on the assigned dates. It is your responsibility to deliver or fax your problem sets to me early if you will not be in class. Problem sets will not be accepted via email. Problem sets will consist of practice problem-solving and essay questions. Working in study groups is highly encouraged. However, problem sets must be written up and submitted individually. All pages of your problem set should be stapled, clipped, or otherwise attached together when submitted. I reserve the right to take off points for not following this direction. In general, we will not have time in class to review full problem sets in detail. However, answers will be made available when a graded assignment is returned so that you may review and compare your work.

The two midterm and final exam formats will be modeled after the problem sets and will include both problem solving and essay questions. You are expected to submit your own work and use no unauthorized assistance when taking exams. Academic dishonesty is not tolerated, and I will take precautions to prevent it. This includes random seating for examinations, exam proctoring, and photocopying of exams before returning them to you. Cheating will result in a failing grade (a zero) for the exam. Make up exams will be given only for scheduled university functions or strenuous circumstances such as serious illness. Written documentation is required for all make up requests. Documentation should be submitted prior to the exam date unless this is absolutely impossible. Approval of make up requests is at my discretion.

You are expected to be present in class and are responsible for material covered in lectures whether or not that material is covered in the book. Furthermore, extra credit quizzes and/or other opportunities may present themselves in class. Disruptive behavior is not tolerated and is grounds for being asked to leave. This includes the use of cell phones in class. Offensive or demeaning treatment of an individual is not tolerated. Disruptive students will be referred to the department head for further action.

Accommodations:

Students requesting special accommodations should contact Resources for Disabled Students (RDS) at 970-491-6385. Special accommodations for exams will not be granted without pre-approval from RDS. It is best to make arrangements early in the semester.

Syllabus and Reading List:

(This schedule is subject to change and will be revised later in the semester if necessary.)

Week of August 26: Introduction and Tools for Positive Analysis, Rosen Chapters 1-2 and Book's Appendix (Basic Microeconomics, starts p. 539).

Week of September 2: Tools for Normative Analysis, Rosen Chapter 3.

Week of September 9: Public Goods, Rosen Chapter 4.

Week of September 16: Externalities, Rosen Chapter 5.

Week of September 23: Political Economy, Rosen Chapter 6.

Week of September 30: Cost-Benefit Analysis, Rosen Chapter 8.

THURSDAY, OCTOBER 2: PROBLEM SET 1 DUE

Week of October 7: Public Expenditure: Education, Rosen Chapter 7.

TUESDAY, OCTOBER 14: MIDTERM EXAM #1 IN CLASS

Thursday, October 16: Public Expenditure: Health Care, Rosen Chapters 9-10.

Week of October 21: Public Expenditure: Social Security, Rosen Chapter 11.

NO CLASS TUESDAY, OCTOBER 28, 2008

Thursday, October 30: Public Expenditure: Welfare Programs, Rosen Chapter 12.

Week of November 4: Public Expenditure: Welfare Programs (cont.), Rosen Chapter 13.

TUESDAY, NOVEMBER 11: MIDTERM EXAM #2 IN CLASS

Thursday, November 13: Taxation, Income Distribution, and Efficiency, Rosen Chapters 14-15.

Week of November 18: Taxation and Equitable Taxation, Rosen Chapter 16.

THURSDAY, NOVEMBER 20: PROBLEM SET 2 DUE

Week of November 25: THANKSGIVING BREAK, NO CLASS

Week of December 2: Class presentations.

Week of December 9: Class presentations.

WEDNESDAY, DECEMBER 17, 5:50-7:50pm*: FINAL EXAM

*The final exam will take place in our regular classroom. The final exam is cumulative.