

## ECONOMICS 238, PUBLIC FINANCE, Fall 2016

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Class: MWF 9:30-10:20am (Riley 109E)  
Office Hours: TuTh 10am-noon  
Course website: <http://courses.furman.edu>

### COURSE DESCRIPTION

This course will explore the role of the government in the economy. We will focus on three distinct areas: when governments enter the market (externalities and public goods), social insurance and redistribution (expenditures) and revenue collection (taxation). We will use both theory and current policy applications to study these three topic areas.

### COURSE GOALS

Students may take this course for many reasons. The title alone may have drawn in students with interests in public policy, students looking to have a foundation in the theory of government intervention, or students curious about how individuals respond to government policies. I hope to provide you with a foundation of economic tools which will be useful for all types of students – no matter what the goal of this course is for you. In general, I want you to be more informed citizens about how and why the government intervenes in society. By the end of the course, you will:

1. Reflect on why the government intervenes in the economy.
2. Consider how the government tries to remedy market imperfections with policy.
3. Recognize the differences in federal, state and local government intervention.
4. Think through the direct and indirect impacts of public policy.

### TEXT

Required: Jonathan Gruber. *Public Finance and Public Policy*, 5<sup>th</sup> Edition  
Website resource: <http://bcs.worthpublishers.com/gruber/>

In addition to the required textbook, you are responsible for all readings posted on Moodle.

### ACADEMIC INTEGRITY

Furman University policy 121.5 states, "academic integrity is the foundation of the academic enterprise and essential both to the validity of the educational process and to the healthy functioning of the learning community." Academic integrity is not just about honesty in your own academic work. Academic integrity on campus also involves encouraging values such as honesty, trust, respect, fairness, and responsibility.

I expect all students to review Furman's policies on academic integrity. You are responsible for upholding these standards as you complete the assignments and take the exams for this course. You should be aware of the consequences of cheating, fabrication, facilitation, and plagiarism. Detailed information on the expectations of students and consequences of academic dishonesty are available at [www.furman.edu/integrity](http://www.furman.edu/integrity).

As part of our effort to protect academic integrity at Furman, the University now subscribes to Turnitin.com, an online plagiarism detection service. In this course I will utilize this service by submitting your research assignments electronically to Turnitin.com. In turn, I will receive an originality report highlighting matches between words or strings of words in the submitted papers and sources found on Turnitin's extensive database. Your papers, like all materials submitted to Turnitin, will be stored on the service's restricted access database for the sole purpose of detecting possible plagiarism of such documents. For more information about Turnitin, refer to [www.turnitin.com](http://www.turnitin.com).

## COURSE REQUIREMENTS

### Grades will be based on the following:

Problem Sets:	20%
Two Exams:	30% (15% each)
Debates:	20%
Course Paper:	25%
Class participation	5%

Grades will be determined by the following scale: A (93-100), A- (90-92), B+ (87-89), B (83-86), B- (80-82), C+ (77-79), C (73-76), C- (70-72), D+ (67-69), D (63-66), D- (60-62), F (0-59).

Problem sets will be due in class. *Late problem sets will not be accepted.*

### Makeup Exam Policy:

No makeup exam will be given for any reason. If a student misses the first exam due to serious illness or other compelling circumstance beyond the student's control, the weight of the missed exam will be transferred to the last exam. If you have an anticipated excused absence (required extra-curricular activity, official representative of Furman), you must talk to me in advance so we can make alternate arrangements. If you don't talk to me until after the missed exam, I will consider that an unexcused absence.

### Other Information:

Students with disabilities who need academic accommodations should contact the Student Office of Accessibility Resources ([www.furman.edu/soar](http://www.furman.edu/soar)) as early as possible. This office is located in the Earle Infirmary, Room 002.

The Center for Academic Success provides academic support to students in the form of free tutoring services and counseling for improved study skills, test taking strategies, time management, etc. See [www.furman.edu/cas](http://www.furman.edu/cas) for more information or visit them in on the bottom floor of the library, Room 002.

## HOW TO GET THE MOST OUT OF THIS COURSE

*“Learning results from what the student does and thinks, and only from what the student does and thinks. The teacher can advance learning only by influencing what the student does to learn.”* – Herb Simon.

First, and hopefully most obvious, come to class and be an **engaged participant**. This means coming to class prepared and actively listening and contributing.

Second, be ready for the exams by keeping up with the reading, working through the problem set questions, and reviewing your class notes. When you get your grade back, go through the provided solutions and work through how to correctly solve questions. **Deliberate practice** is important because you identify things that are a reach for you.

Third, learning often happens faster and easier when **working in groups** rather than working alone. I often learn best by seeing how others approach problems, and by explaining to others how I work through problems. It's also nice to have peers to turn to when you're completely lost. *You are more than welcome to work in groups on the problem sets.*

Fourth, my door is always open. I am here to answer questions or discuss anything you may want to learn more about.

**COURSE SCHEDULE (Any important changes will be announced in class)**

	<b>Class</b>	<b>Assignments Due</b>	<b>Associated readings for class (required in bold)</b>
8/24	Introduction to Public Finance		Ch 1 and 4
8/26	Introduction to Public Finance		Wallis article
8/29	Introduction to Public Finance		Ch 1 and 4
8/31	Theories of Social Welfare		Distributive Justice reading
9/2	Theories of Social Welfare		Distributive Justice reading
9/5	<i>No class - Labor Day Holiday</i>		
9/7	Theories of Social Welfare		Distributive Justice reading
9/9	Social Insurance		Ch 12
9/12	Social Insurance		Ch 12
9/14	Social Insurance		Ch 12
9/16	Social Security	Problem Set #1	Ch 13
9/19	<i>1st Debate: Social Security</i>		
9/21	Health Economics and Medicare, Medicaid & Reform		Ch 15 and 16
9/23	Health Economics and Medicare, Medicaid & Reform	Paper Proposal	Ch 15 and 16
9/26	Health Economics and Medicare, Medicaid & Reform		Ch 15 and 16
9/28	<i>2nd debate: Health</i>		
9/30	Unemployment Insurance	Problem Set #2	Ch 14
10/3	Taxation in the US		Ch 18
10/5	<b>First Exam</b>		
10/7	Tax Incidence		Ch 19
10/10	Tax Inefficiencies		Ch 20
10/12	Tax Inefficiencies		Ch 20
10/14	<i>No class</i>		
10/17	<i>No class - Fall break</i>		
10/19	Taxes on Labor Supply		Ch 21
10/21	Taxes on Labor Supply	Annotated Bibliography	Ch 21
10/24	Income Distribution and Welfare		Ch 17
10/26	Inequality		
10/28	Taxes on Savings		Ch 22
10/31	Taxes on Savings		Ch 22
11/2	Corporate Taxation		Ch 24
11/4	Corporate Taxation		Ch 24
11/7	<i>3rd Debate: Corporate Taxation</i>		
11/9	Externalities	Problem Set #3	Ch 5 and 6
11/11	Externalities		Ch 5 and 6
11/14	Public Goods		Ch 7
11/16	State and Local Government		Ch 10
11/18	Education		Ch 11
11/21	<i>No class</i>		
11/23	<i>No class - Thanksgiving break</i>		
11/25	<i>No class - Thanksgiving break</i>		
11/28	<i>4th debate: Education</i>		Ch 11
11/30	Political Economy		Ch 9
12/2	Political Economy	Problem Set #4	Ch 9
12/5	Political Economy	Final Paper Due	Ch 9
12/14	<b>Second Exam 8:30-11:00am</b>		