

**Rhodes College, Department of Economics
Economics 305, Fall 2012**

Economics 305: Public Finance
MWF: 2.00-2.50
Classroom: 212 Buckman

Professor Sherry Jensen
Office: 329C Buckman
Email: jensens@rhodes.edu
Phone: 901-843-3829

COURSE DESCRIPTION:

“This course examines the role of the public sector in the economy. Students will learn about the theoretical motivations for and effects of government involvement in the economy as well as the empirical evidence regarding the consequences of such intervention. Students of economics should expect that rational economic agents will respond predictably to changes in incentives. This course will explore the incentive structure implied by government involvement in the economy and the predicted behavioral responses of individuals and firms. The structure of the major revenue raising (i.e., taxation) and expenditure operations of the government will be analyzed using microeconomic tools to determine their allocative and distributive effects.”

Prerequisites: Economics 100 and 201

COURSE OBJECTIVES:

Over the course of the semester we will seek to answer the following questions (as taken from Gruber 2011):

- “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?”

TEXT:

Rosen. Public Finance, 9th ed., 2010

Supplementary readings will be provided throughout the semester.

COURSE FORMAT:

Classes will be structured as interactive lectures: material will be presented, example problems will be worked, and questions encouraged.

CLASS ATTENDANCE/PARTICIPATION:

Success in this class relies upon your consistent attendance, preparation, and willingness to ask questions and engage in discussion. If you do miss class, it is your responsibility to obtain any information discussed, missed assignments, and/or notes from a classmate.

I will do my best to be in class on time and I expect you to do the same. In the event that I am not in the room, please wait 10 minutes for me to arrive.

Please turn off or silence ALL electronic equipment before entering the classroom. You may use your

laptop to take notes, but if at any time your laptop or the contents of its display becomes distracting to those around you, you will be asked to turn it off. Additionally, the use of cell phones in class is not acceptable.

OFFICE HOURS:

I will hold regularly scheduled office hours from 10:00-10:45 & 3:00-4:00 on Monday and Wednesday. However, you are welcome to make an appointment outside of these hours or simply drop by my office. I highly encourage you to visit me outside of class, especially if you are encountering difficulty with the material.

COMMUNICATION:

Email (jensens@rhodes.edu) is the best way to contact me. You are also responsible for any information distributed via email.

Moodle will be used to distribute supplemental readings and homework problems.

GRADING:

Exams:	75%
Problem Sets:	10%
Project:	<u>15%</u>
Total:	100%

I intend to use the following grading scale:

93-100% = A	87-89% = B+	77-79% = C+	67-69% = D+	<60 = F
90-92% = A-	83-86% = B	73-76% = C	63-66% = D	
	80-82% = B-	70-72% = C-	60-62% = D-	

EXAMS:

There will be two in-term exams plus a final exam, which together account for 75% of your grade.

The weights assigned to these exams are:

Exam 1	25%
Exam 2	25%
Final Exam	25%

Further details regarding the format of the exams will be provided prior to each exam. In general, exams will be composed of free response questions.

If you will miss an in-term exam due to a college-sponsored event, please notify me as soon as possible so that an alternate exam time can be arranged. I must be notified in advance of the absence.

In the event that you are unable to attend an in-term exam due to a serious illness or other documented emergency, please notify me as soon as feasibly possible. Given your absence is excused, accommodations will be made.

All students must take the non-cumulative final exam at the scheduled time.

CALCULATOR POLICY

The use of calculators on exams is prohibited, except as follows: You may only use a four-function calculator (+, -, x, /) or a scientific calculator without memory or graphing capabilities. The use of any other calculator, computer, cell phone, or similar device is prohibited. In addition, you may not share a calculator (even a permitted one) with another person. There are no exceptions. Violation of any of these rules on calculators will be considered an act of academic dishonesty. ***Use of an unauthorized calculator or the sharing of a calculator will result in a grade of zero for the exam for all parties involved.***

HOMEWORK:

Problem sets will be periodically assigned. I anticipate a total of 4-6 problem sets over the course of the semester.

Note:

Due dates will be announced at minimum one week in advance. All problem sets are due at the start of class on the given due date.

I do not accept late work. If you anticipate being late or are unable to attend class, you should make arrangements to submit your work prior to the start of class.

I encourage you to work with your classmates, but each of you must turn in an individual copy of the homework assignment. Make no mistake; encouragement to work together does **not** imply that copying the work of others is acceptable. The objective of collaborative homework is to learn through discussion. You may discuss approaches to answering questions with others, but ultimately you should formulate your final answer.

You are also welcome to discuss approaches to solve problems with me given you have made a strong attempt to begin the problem on your own.

PAPER:

In general, the paper will require that you explore a policy question within public economics through a review of the current literature on your topic. Further details will be provided in the coming weeks.

This paper must be completed on your own, **no exceptions**.

Papers will be due at the start of class on Monday, November 19th. In addition to submitting a hard copy, you will also submit your paper to TurnItIn.com.

ACADEMIC INTEGRITY:

"As a member of the Rhodes community, I pledge I will not lie, cheat, or steal, and that I will report any such violation that I may witness."

It is of critical importance that **all** graded work be your own.

"Plagiarism is an act of academic dishonesty. A student must not adopt or reproduce ideas, words, or statements of another person without appropriate acknowledgement."

If you are unsure how to properly cite sources within your work, please make use of the Writing Center or

consult with me.

RE-GRADING:

While care is taken in grading, there may be errors on occasion. For arithmetic errors, simply show me the mistake and I will correct it. For other disputes, you will have one week from the time the assignment is returned to request reassessment of your grade. Please make such requests in writing (email is sufficient).

STUDENTS WITH DISABILITIES:

Appropriate accommodations will be made if you have a documented disability. Within the first weeks of class, you should present to me a letter from the Office of Student Disability Services requesting specific accommodations. It is also your responsibility to give me one-week's notice prior to each instance in which an accommodation will be requested.

IMPORTANT DATES:

Friday, September 21	EXAM 1
Friday, October 26	EXAM 2
Monday, November 19	Paper due
Tuesday, December 11 @ 8:30 am	FINAL EXAM

Problem set due dates will be announced at minimum 1 week in advance.

COURSE OUTLINE:

Assigned readings will be announced in advance.

- CH1 Introduction
- CH2 Tools of Positive Analysis
- CH3 Tools of Normative Analysis
- CH4 Public Goods
- CH5 Externalities
- CH6 Political Economy
- CH7 Education
- CH8 Cost-Benefit Analysis
- CH9 The Health Care Market
- CH10 Government and the Market for Health Care
- CH11 Social Security
- CH12 Income Redistribution: Conceptual Issues
- CH13 Expenditure Programs for the Poor
- CH14 Taxation and Income Distribution
- CH15 Taxation and Efficiency
- CH16 Efficient and Equitable Taxation
- CH17 The Personal Income Tax
- CH18 Personal Taxation and Behavior
- CH19 The Corporation Tax
- CH20 Deficit Finance
- CH21 Fundamental Tax Reform: Taxes on Consumption and Wealth
- CH22 Public Finance in a Federal System