INTRODUCTION TO PUBLIC ECONOMICS

PPS-515

Spring Semester, 2015

COURSE MEETS: TBD

CONTACT DETAILS

Instructor: Robert A. Cropf, Ph.D.

Telephone: 977-3936

Office: 155 McGannon

Office Hours: TBD

E-mail: cropfra@slu.edu

Course Description and Objectives:

This course serves as a broad introduction to both the theory and practice of public economics at the federal, state, and local levels of government in the United States.

Public economics (also public finance) is the study of the role of government in the economy. It is defined around four questions: When should governments intervene? How should governments intervene? What is the impact of government intervention on the economy? And why do governments intervene in the way that they do?

Government accounts for nearly a third of all economic activity in the United States. While this proportion seems large, it is actually smaller than the government’s share of Gross Domestic Product (GDP) in other economically developed countries. Nonetheless, our government affects nearly everything that ordinary citizens do, in ways both good and bad. The primary focus of the course will be on the taxing and the spending activities of government. In order to analyze government’s economic activities we will use the tools of microeconomics. You will not need an advanced economics background to take the course (it doesn’t hurt to have some basic economics though). In this course, we will, broadly speaking:

- Examine foundations of welfare economics and economic rationales for the existence of government.
Focus on the efficiency and equity of resource allocations with and without government intervention.

Analyze public policy using two lenses: expenditures and revenues.

We will also focus on the development, significance, and size of the government's fiscal structures, and the various forms of government revenue, as well as their economic impacts and broader policy implications. We will examine the tax structure, considering such questions as what is efficiency? How do we balance equity and efficiency? and what are the economic incidence of major tax instruments? In addition, we will discuss expenditure analysis and the economic effects of public programs. Strictly speaking, however, this is not an advanced economics course and we will not be using any advanced economics in the course.

Required Textbooks:

2. Arthur Okun, Equality vs. Efficiency: The Big Trade-Off (Washington: Brookings Institution, 1975). This short book looks at the trade-off in public finance between equity issues and efficiency. This is a theme that we will come back to throughout the course. (O)
3. Other readings: There will be some additional readings from academic journals and other texts that will supplement our textbook. These will be made available on Blackboard, and I expect you to have read them (not necessarily thoroughly) in preparation for the lecture where we discuss them. (Indicated by author’s name[s])

Outline of Class Discussions:

Introduction to Public Economics and Tools of Economic Analysis (Dates TBD)
Readings:

(S) Chapters 1 & 2.


The Fundamentals of Welfare Economics (TBD)
Readings:

(S) Chapters 3 to 5.


Public Expenditure Theory (TBD)
Readings:

(S) Chapters 6 to 9.

Public Programs (TBD)

Readings:

(S) Chapters 10 to 16.

All of Okun.

Midterm Exam (TBD)

Spring Break

Taxation Theory (TBD)

Readings:

(S) Chapters 17 to 21.

Social Security, Medicare and Payroll Taxes (TBD)

Readings:

(S) Chapters 22 to 25.

Fiscal Federalism and Deficit Finance (TBD)

Readings:

(S) Chapters 26 to 28

Final Exam (TBD)

Grading:

The grading for the course is based on the following:

Mid-term exam to be taken in-class. There will be one in-class midterm exam held on TBD. The exam will be a combination of short-answer problems and short-essay questions. See above course outline for the date and time. (30%) The exam will be open-notes.

Brief policy memos. (30%). You will explore in more detail two specific government policies of your choosing by writing policy briefs. They should be five or six double-spaced pages, or
roughly 1,000-1,200 words, in length. You should cover the economic rationale(s) and brief history of the policy; the political and economic factors in its design; the intended beneficiaries, winners/losers; and any prescription for altering the policy in the future. The first policy brief will cover a public expenditure policy, while the second brief will cover a public revenue policy. You may choose a federal, state or local policy. More information will be given to you about this requirement, including sample topics, later.

Final exam to be taken in-class. (30%) There will be a cumulative two and one-half hour final exam, which will be TBD. It is up to you to make sure that travel plans do not interfere with your ability to take the final exam. The exam will be open-notes.

Class attendance and participation. (10%)

Course Administration:

Attendance Policy:
Your success in this course will depend on your ability to complete the daily reading and weekly writing and discussion assignments as well as the your ability to read the biography of Benjamin Franklin as if you were having a conversation with the author each day. Absence in three classes without a reason that is out of the control of the student will result in a one level drop in the final grade (i.e. illness, work conflict, medical emergency, etc.)

Courtesy Expectations:
Students will treat their classroom obligations as they would treat any serious professional engagement. That includes:
1) Preparing thoroughly for each session in accordance with the instructor’s request;
2) Adhering to deadlines and timetables established by the instructor;
3) Providing constructive feedback to faculty members regarding their performance.

Disability Services:
Students who believe that, due to the impact of a disability, they may need academic accommodations in order to meet the requirements of this, or any other, class at Saint Louis University are encouraged to contact the Office of Disabilities Services (977-8885; DuBourg Hall, Rm. 36). Confidentiality will be observed in all inquiries.

SLU Policy on Academic Integrity:
The University is a community of learning whose effectiveness requires an environment of mutual trust and integrity. As members of this community, students share with faculty and administrators the responsibility to maintain this environment of academic integrity. Academic integrity is violated by any dishonesty in submitting for academic evaluation the assignments and tests required to validate the student’s learning. Where there is clear indication of such dishonesty, the faculty and/or administration have the responsibility of applying sanctions in order to protect the environment of integrity necessary for learning. While not all forms of academic dishonesty can be listed here, the following instances should be seen as actions that not only violate the mutual trust necessary between faculty
and students, but also undermine the validity of the university’s grading of students, and take unfair advantage of fellow students.

It is academically dishonest to solicit, receive, or provide any unauthorized assistance in the completion of assignments and tests submitted for credit as part of a course.

*Examples of such unauthorized and, therefore, academically dishonest assistance would be:
  a. copying from another student’s test paper, lab report or assignment, or allowing another student to copy from oneself;
  b. copying from a textbook or class notes during a closed-book exam;
  c. submitting material authored by another person but represented as the student’s own work;
  d. submitting as one’s own work/material without permission of the instructor that has been subjected to editorial revision;
  e. copying a passage or text directly from a book or journal without indicating the source or without using a recognized style for citing sources;
  f. taking a test or writing a paper for another student;
  g. taking a course for another student or securing another student to take a course for oneself;
  h. securing or supplying in advance a copy of an exam without the knowledge and consent of the instructor.

Faculty and students are encouraged to use the following links regarding any concerns or questions relating to academic integrity and plagiarism:
http://itr.slu.edu/CTEplagiarism.html and http://academicintegrity.slu.edu/