

# INTRODUCTION TO PUBLIC FINANCE THEORY

POLS 6330

Spring 2020

COURSE MEETS: Tuesdays 4:15—7:00

CONTACT DETAILS:

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## **Course Description and Objectives:**

This course serves as a broad introduction to both the theory and practice of public finance 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:**

1. Stiglitz, Joseph E., *Economics of the Public Sector*, 4th Edition, 2015, (W.W.Norton & Company). (S)

### **Schedule of Reading Assignments:**

<b>S, Chap. 1</b>	<b>Jan. 21</b>
<b>S, Chap.2</b>	<b>Jan. 28</b>
<b>S, Chap. 3</b>	<b>Feb. 4</b>
<b>S, Chap. 4</b>	<b>Feb. 11</b>
<b>S, Chap. 5</b>	<b>Feb. 18</b>
<b>S, Chap.6</b>	<b>Feb. 25</b>
<b>Midterm</b>	<b>March 3 (Chaps 1—6)</b>
<b>S, Chap.7</b>	<b>March 17 (spring break is March 10)</b>
<b>S, Chap. 8</b>	<b>March 24</b>
<b>S, Chap. 9</b>	<b>March 31</b>
<b>S, Chap. 10</b>	<b>April 7</b>
<b>S, Chap. 11</b>	<b>April 14</b>
<b>S, Chap 12</b>	<b>April 21</b>
<b>S, Chap. 13</b>	<b>April 28</b>

### **Assignments and Grading:**

4 online quizzes (5% each)

1. 1<sup>st</sup> due Feb. 9
2. 2<sup>nd</sup> due Feb. 28
3. 3<sup>rd</sup> due April 5
4. 4<sup>th</sup> due April 26

Midterm and Final Exam (25% each)

Class Blog (25%)

Attendance (5%)

For PhD students: Literature Review Paper (30%. Exams will account for 20% of grade.)

Lit. Review Outline	Due Feb.4
Annotated Bibliography	Due March 3
Lit Review 1 <sup>st</sup> Draft	Due April 7
Submit Final Lit. Review	Due May 8

**Class Blog.** By using the course's blog tool, we will be able to cover all of the material and still have adequate time for in-depth discussion. I recognize that if you're like most normal people, physical and mental energy begins fading by the afternoon, especially if you've also worked at a job all day before. Thus, the blog enables us to devote our attention to the subject during times of the day when we are more alert. In effect, I am timeshifting an hour of class time from the classroom to outside-of-class, where and when you can work on the assignments at your leisure.

**Midterm Exam** (Either in-class or Online due March 3)

**Final Exam** (Online due on May 5)

### **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.

### **Honor Code**

Students are expected to be honest in their academic work. The University reserves the right to penalize any student whose academic conduct at any time is, in its judgment, detrimental to the University. Such conduct shall include cases of plagiarism, collusion, cheating, giving or receiving or o\_ering or soliciting information in examinations, or the use of previously prepared material in examinations or quizzes.

Violations should be reported to me and will be investigated and adjudicated according to the Policy on Academic Honesty of the College of Arts and Sciences. If the charges are found to be true, the student may be liable for academic or disciplinary probation, suspension, or expulsion from the University. Please refer to the university policy at <http://www.slu.edu/x12657.xml>.

## Expectations and Procedures

### Technology

Put everything on mute. You do not need to use your laptop for this course. Please take notes the old fashioned way. This will dissuade the trend of college students to browse the web, check e-mail, and frequent social networking sites during lecture. I will email all lecture powerpoints after the daily lecture.

### Communication

I will post grades, send class e-mails, etc. through the SLU Banner system. Be sure that you can access the e-mail address listed. I will only send e-mail out to your SLU e-mail accounts listed on the course roster in Banner. I will not keep track of any other e-mail addresses you may use.

### Disabilities

In recognition that people learn in a variety of ways and that learning is influenced by multiple factors (e.g., prior experience, study skills, learning disability), resources to support student success are available on campus. Students who think they might benefit from these resources can find out more about:

\_ Course-level support (e.g., faculty member, departmental resources, etc.) by asking your course instructor.

\_ University-level support (e.g., tutoring/writing services, Disability Services) by going to [www.slu.edu/success](http://www.slu.edu/success).

Students who believe that, due to a disability, they could benefit from academic accommodations are encouraged to contact Disability Services at the Student Success Center.

### Confidentiality

will be observed in all inquiries. Course instructors support student accommodation requests when an approved letter from Disability Services has been received and when students discuss these accommodations with the instructor after receipt of the approved letter

University Writing Services: I encourage you to take advantage of University Writing Services; getting feedback benefits all writers! Trained writing consultants can help with any writing, multimedia project, or oral presentation. During one-on-one consultations, you can work on everything from brainstorming and developing ideas to crafting strong sentences and documenting sources. *These services do fill up*, so please make an appointment! Also, bring your assignment description, and a few goals, to the consultation! For more information, or to make an appointment, visit [www.slu.edu/writingservices.xml](http://www.slu.edu/writingservices.xml) or call 977-3484.