PUBLIC FINANCE AND ECONOMICS (4 credit hours)

Fall 2012

Time: Wednesday 6:00-10:00 pm
Class meeting room: TBD
Course web page: (Blackboard)
https://elearning.csuohio.edu/webct/entryPa
geIns.dowebct

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Office Hours: by appointment

COURSE DESCRIPTION

The fundamental principles of economics and public finance taught in this class will help students to analyze policy-related problems using the analytical tools of economists. Students are expected to apply quantitative and mathematical skills in economics to a variety of real-world and hypothetical situations.

You will study how the economy works and the role of government in a market oriented economy. In this course, we will discuss theoretical principles that justify the existence of the public sector and the effects of government policies on resource allocation and income distribution.

This course focuses primarily on American policy issues. After this course, students are expected to better understand when government intervention in the economy is appropriate; what are the effective forms of intervention; and how this intervention influences individuals, firms, regions, and countries. We will study important national policy issues such as welfare reform, social security, poverty, crime prevention and pollution controls. With the knowledge gained in this course, you should be able to apply fundamental principles of economics to the analyses of a wide variety of important policy questions.

OBJECTIVE

To provide an understanding of basic economic concepts and tools used by economists and demonstrate how economists apply these tools to analyze public policies and budgeting.
TEXTBOOKS


Optional (Recommended but not required):


ATTENDANCE

Your presence and participation in class discussions and group exercises is expected. Attendance will be recorded.

Please notify me immediately if you cannot attend the term exams or the final exam. In case of emergency, please notify me in advance by email or a message on my voice mail. Make-up exams will be granted only in case of a documented emergency, and they must be taken by appointment only. If you email me, please write “UST 603 or 516” in the subject line.

COURSE REQUIREMENTS AND GRADING

You need to complete:
Two term exams that will be administered on:

- October 3
- November 7

The term exams will test your knowledge only on the material covered between exams. Final exam (December 12) is cumulative with emphases on the last part of the course.

The exam grades will be based not only on your grasp of knowledge, but also on your ability to answer the questions by analyzing and synthesizing ideas and supporting your arguments with evidence and economic reasoning. All exams will be in-class, open-books, open-notes. The essay-answers to the problems should be unique and yours, not the book authors.’ Problems may include multiple choice questions, short essays, and analytical problems. Some questions may require the use of calculators. Students should bring simple calculators and will not be allowed to use cell phone calculators.

Class paper and presentation will be based on the topic of your interest. The topic will be confirmed with each student individually. The class paper on this topic should employ the
analysis of theoretical principles of microeconomics applicable to the case and demonstrate the unbiased analysis of an economist. The paper should be not more than 7 pages long (1.5 space, font 12). The deadline for the paper is **December 5**. The paper submission is electronic and are due at 6 pm (by the beginning of the class). Late submission will result in the deduction of points.

The attendance and participation grade will be based on your presence and general classroom discussion, including answering questions in class, being able to discuss assigned reading, and actively participating in debate over your colleagues’ papers. I expect you will come to class having completed the assigned readings for each day.

Completion of the homework assignments is voluntary. It is given for you to practice solving of analytical problems. Similar problems will be included in the exams.

**Your final grade will be calculated from:**
- Two term exams, 20% each
- Class paper and presentation – 20%
- Final exam, 30%
- Class discussions and attendance, 10%.

I will use the following grading scale:

- 94 – 100 A
- 90 – 93 A-
- 87 – 89 B+
- 83 – 86 B
- 80 – 82 B-
- 77 – 79 C+
- 70 – 76 C
- 60 – 69 D
- 59 – Below F

**PLAGIARISM**

The CSU Student Handbook defines plagiarism as follows:
Plagiarism – Stealing and/or using the ideas or writings of another in a paper or report and claiming them as your own. This includes but is not limited to the use, by paraphrase or direct quotation, of the work of another person without full and clear acknowledgment. (Academic Regulations [http://www.csuohio.edu/studentlife/StudentCodeOfConduct.pdf])

**Penalties for Plagiarism**
The penalties for plagiarism are found in full in the Student Handbook under Academic Regulations (Policy on Academic Misconduct) at the following link:
(Academic Regulations [http://www.csuohio.edu/studentlife/StudentCodeOfConduct.pdf])

**STUDENTS WITH SPECIAL NEEDS**
“Educational access is the provision of classroom accommodations, auxiliary aids and services to ensure equal educational opportunities for all students regardless of their disability. Any student who feels he or she may need an accommodation based on the impact of a disability should contact the Office of Disability Services at 216/687-2015. The Office is located in MC 147. Accommodations need to be requested in advance and will not be granted retroactively.” Students should notify the instructor as soon as possible if they have been granted an accommodation through the Office of Disability Services.

Please refer to the CSU Graduate Bulletin for the administrative procedures not discussed in this syllabus.

A NOTE ON LAPTOP USE

I do not have a problem with in-class laptops use directly related to the course. Using a laptop during class for extracurricular activities, however, can be distracting to other students and me. I would encourage you to be more engaged with the course than with your laptop.

LECTURE NOTES

Lecture power point presentation will be available on the Blackboard in Learning Modules folder on the day before class. Additional reading will be posted in the folder of forthcoming lecture. I expect you to read assigned chapters and the additional material before the class.

COURSE OUTLINES

August 29  The principles of economics. Interdependence and the gains from trade. Market forces of supply and demand. Market equilibrium. Reading: Mankiw Ch. 1, 3, 4 (or any other Microeconomics textbook of your choice).

September 5  The elasticity of demand and supply. Elasticity and revenue. Supply, demand, and government policies. Reading: Mankiw Ch. 5, 6. (or any other Microeconomics textbook of your choice).

September 12  Thinking like an economist. Positive and normative analyses. Public goods. Reading: Rosen Ch. 2, 3, 4. Mankiw Ch. 2. Individual paper topic is due.

September 19  Market externalities and inefficiencies. Public policies towards externalities. Reading: Rosen Ch. 5. Mankiw Ch. 10.

September 26  Education and the health care markets. Reading: Rosen Ch. 7, 9. Sharp Ch. 6, 15 (pp. 445-455).
October 3  First term exam.

October 10 Government and health care. Social security.
Reading: Rosen Ch. 10, 11.

October 17 Income redistribution. Expenditures for the poor.
Reading: Rosen Ch. 12, 13. Sharp Ch. 7.

October 24 Framework for tax analysis. Taxation and income distribution.
Reading: Rosen Ch. 14. Mankiw Ch. 8.

October 31 Efficient and equitable taxation.
Reading: Rosen Ch. 16. Mankiw Ch. 8.

November 7  Second term exam.

November 14 Cost-benefit analysis.
Reading: Rosen. Ch. 8.

November 21 The United States revenue system. The personal income tax. Personal taxation and behavior.
Reading: Rosen Ch. 17, 18.

November 28 United States revenue system. The corporation tax. Taxation on consumption and wealth.
Reading: Rosen Ch. 19, 20, 21.

December 5 Design of the US tax system. Multigovernment public finance.
Reading: Rosen Ch. 22. Mankiw Ch. 12

December 12 Final exam.