

COLORADO STATE UNIVERSITY
Department of Economics
Spring 2021

ECON 320.001 Economics of Public Finance

(subject to change)

Professor Guy Numa

Class schedule: Tu-Th, 9:30am–10:45am, **delivered remotely** (via Zoom)

E-mail: guy.numa@colostate.edu

Office hours (via Zoom): Tuesday 11:00am–12:30pm (by appointment), Thursday 11:00am–12:30pm (by appointment)

Prerequisites

ECON 204 Principles of Macroeconomics. This course requires proficiency in the use of mathematical tools such as solving systems of equations and graphing functions.

Course Description

This course examines the role of the public sector in the economy, focusing on public expenditure theory. Topics include: welfare economics, market failures, asymmetric information, income redistribution, and taxation. Much of the material covered will be conceptual in nature, but concrete examples will be discussed.

Course Objectives

By fully participating in this course, you should be able to:

- Understand the role of the government in a market economy.
- Analyze the link between externalities and public goods, taxation, and direct government spending.
- Use microeconomic theory to study policy-relevant applications.
- Develop critical thinking about public finance topics discussed in the media.

Resources

Rosen H. S., and T. Gayer (2014), *Public Finance*, McGraw-Hill, 10th edition (Required).

Additional readings will be made available on Canvas (login at <https://canvas.colostate.edu>).

Assignments and Evaluation

Four quizzes.

Assignment	Grade Weight
Quiz 1	25%
Quiz 2	25%
Quiz 3	25%
Quiz 4	25%

There is **no make-up**, **no extra-credit**, and **no incomplete** in this class.

Grading scale: [A= 100-94, A- = 93-90, B+= 89-87, B= 86-84, B- = 83-80, C+ = 79-77, C= 76-70, D= 69-60, F= 59-0]

I give letter grades. For each assignment, the letter grade is determined based on a scale from 0 to 100, but the grade that matters is the letter grade. Each letter grade for each assignment corresponds to a score (out of 4.0) based on the official CSU grading scheme which can be found at the following link:

<https://catalog.colostate.edu/general-catalog/academic-standards/grading/>

When you compute each score for each assignment with the respective weights indicated above, you obtain a final score (out of 4.0). Finally, this final score corresponds to a final letter grade based on the CSU scheme.

Quizzes

Four quizzes are scheduled on **February 11, March 11, April 8, and May 7**. All quizzes will consist of multiple-choice questions administered online through Canvas. They are non-cumulative. To be clear, the first quiz will include material covered from week 1 to week 4. The second quiz will only include material covered from week 5 to week 8. The third quiz will only include material covered from week 9 to week 12. The fourth quiz will only include material covered after Spring Break.

Participation and attendance

Attendance is very important for your success in this class. You are expected to come to class well-prepared to discuss the assigned readings. You are expected to take your own notes. Not only taking notes is part of the learning process, but it also keeps you involved in class discussions and lectures. If you are absent or late, it is your responsibility to catch up on the material, assignments, and changes to the syllabus. An absence is not an excuse for not knowing about an assignment or a topic. Homework assignments, important announcements, and other information will be posted on Canvas throughout the semester.

Course Time Estimates

Each week students will be expected to spend the following time on this course:

Activity	Time (hours)
Attend Class	2.5
Review Assigned Readings	2
Review Class Notes	1.5
Personal Readings/Studying for Exams	3
Total	9

CLASS PROTOCOL*Very Important*****

1. E-Mail

I will regularly communicate with the class via e-mail. I only have your CSU e-mail address, and so I will use it for all class communications. If you do not check that address regularly, you should set up your CSU email account to forward messages to an address you do check. Note: I will assume that any information I send to you via e-mail is received. Therefore, not having read an e-mail I sent to the class will not be accepted as an excuse for late or missing work.

I respond to email Monday to Friday, 9am-5pm. I do not check my messages outside of this timeframe. Allow at least 24 hours for a reply.

2. Make-Up and Incomplete Policy

There is NO MAKE-UP for missed assignments and exams. Make-ups are only permitted for university-sanctioned events in accordance with CSU policies. For extraordinary situations, students are advised to consult with me in advance and provide adequate documentation (acceptable at my discretion). Incompletes are not offered.

3. Disabilities

If you have a disability that may affect your performance in this class, please contact the Student Disability Center to receive official university services and accommodations:

<https://disabilitycenter.colostate.edu/>

4. Civility in and out of the classroom

Intellectual exchange depends on showing respect for your instructor and peers, taking responsibility for your own course contributions, and demonstrating a mature understanding that learning can involve disagreement over ideas and assessment. If you engage in uncivil behavior, such as making inappropriate comments to your professor or fellow students in the classroom, out of the classroom, or via email or social networking sites, you can be referred to the Chair of the department, the Dean of CLA, and the Dean of Students for sanctions that can include the lowering of your course grade, a failing grade, and dismissal from the University.

5. Academic Integrity

I hope that you will contact me whenever you're having trouble with the material we cover. It is the expressed policy of the University that every aspect of academic life—not only formal coursework situations, but all relationships and interactions connected to the educational process—shall be conducted in an absolutely and uncompromisingly honest manner. The University presupposes that any submission of work for academic credit is the student's own and is in compliance with University policies, including its policies on appropriate citation and plagiarism. Failure to live up to these standards is considered by the University to be academic dishonesty, which can lead to a failing grade and dismissal from the University. These policies are spelled out in the Student Conduct Code, available at

<https://resolutioncenter.colostate.edu/wp-content/uploads/sites/32/2018/08/Student-Conduct-Code-v2018.pdf>

This course will adhere to the Academic Integrity Policy of the Colorado State University General

Catalog and the Student Conduct Code. Every assignment is subject to the following Honor Pledge: *“I have not given, received, or used any unauthorized assistance.”*

6. Important Information on COVID-19

All students are required to follow public health guidelines in any university space, and are encouraged to continue these practices when off-campus(es). Students also are required to report any COVID-19 symptoms to the university immediately, as well as if they have potentially been exposed or have tested positive at a non-CSU testing location. If you suspect you have symptoms, please fill out the COVID Reporter (<https://covid.colostate.edu/reporter/>). If you have COVID symptoms or know or believe you have been exposed, it is important for the health of yourself and others that you complete the online COVID Reporter. Do not ask your instructor to report for you; if you report to your instructor that you will not attend class due to symptoms or a potential exposure, you are required to also submit those concerns through the COVID Reporter. If you do not have access to the internet to fill out the online COVID-19 Reporter, please call (970) 491-4600.

If you report symptoms or a positive test, your report is submitted to CSU’s Public Health Office. You will receive immediate, initial instructions on what to do and then you will also be contacted by phone by a public health official. Based on your specific circumstances, the public health official may:

- choose to recommend that you be tested and help arrange for a test
- conduct contact tracing
- initiate any necessary public health requirements or recommendations and notify you if you need to take any steps

If you report a potential exposure, the public health official will help you determine if you are at risk of contracting COVID. For the latest information about the University’s COVID resources and information, please visit the **CSU COVID-19 site** (<https://covidrecovery.colostate.edu/>).

Course Outline

(subject to change)

Week Beginning	Topics/Readings
1/18	Syllabus, Introduction (Rosen & Gayer, chap. 1)
1/25	Theoretical Tools (R&G, Appendix pp. 528-49)
2/1	Normative Analysis and Welfare Economics (R&G, chap. 3)
2/8	Externalities (R&G, chap. 5) Quiz #1 (2/11)
2/15	Public Goods (R&G, chap. 4)
2/22	Asymmetric Information (Jensen & Meckling 1976, Sappington 1991)
3/1	Education (R&G, chap. 7)
3/8	Education (R&G, chap. 7) Quiz #2 (3/11)
3/15	Income Redistribution (R&G, chap. 12)
3/22	Taxation and Income Distribution (R&G, chap. 14)
3/29	Taxation and Efficiency (R&G, chap. 15)

4/5	Taxation and Efficiency (R&G, chap. 15) Quiz #2 (4/8)
4/12	SPRING BREAK — NO CLASS
4/19	Health Care Market (R&G, chap. 9)
4/26	Government and Health Care (R&G, chap. 10)
5/3	Expenditure Programs for the Poor (Chap. 13) Quiz #4 (5/7)