

ECON 342

Public Finance

Tuesday/Thursday 9:30am-10:45am Simon Center room 125

Professor: Erin Cottle Hunt

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Office Hours: Wednesdays 2:00-4:00PM (via Zoom, link provided in Moodle, no appointment necessary, just join the Zoom call and you'll be put in a virtual waiting room) and by appointment.

Note, my last name is the two words "Cottle Hunt." You may refer to me as Dr. Cottle Hunt, Professor Cottle Hunt, or simply Professor.

Course Description

This course introduces the principles of public finance theory and policy. That is, the economics of government intervention in the economy. We will explore perspectives on the role of government in a market economy; examine the size and scope of the public sector in the United States; and analyze the rationale of major taxes and expenditure programs and their impact on the allocation of resources and the welfare of citizens.

We will begin with competitive markets. Then we will consider deviations from competitive markets (externalities and public goods), how government interventions might be welfare improving, and, crucially, whether these benefits are worth the cost of intervention. The second part of the course will consider a second justification for government intervention - redistribution. We will consider issues in the measurement of inequality and poverty, and the means available to governments to reduce both.

Course Structure and Website

We will use Moodle for this course. Announcements, assignments, quizzes, course materials, Zoom links for office hours and (unofficial) grades will be posted in Moodle. Your official end-of-term grades will be posted in Banner. I may also contact you via email, using your Lafayette email account. Students are expected to check their Lafayette email regularly.

It is my expectation that students will attend class in person. If the COVID pandemic or considerations will prevent you from attending class, please let me know as soon as possible—so we can coordinate appropriate accommodations.

Prerequisites

Intermediate Microeconomics Econ 251 is *required* for the course. Econ 251 must be completed before a student can take Public Finance.

Learning Outcomes

By the end of this course, students should be able to:

1. Define competitive markets and the first fundamental welfare theorem (FFWT) of economics.
2. Distinguish between the different failures of the FFWT: failures of competition, externalities, and public goods.
3. Apply the tools of microeconomic theory to analyze the impact of government intervention in markets, both when the FFWT holds and when it does not.
4. Explain the impact of voting rules on the outcome of collective choices in the context of U.S. elections.
5. Explain the equity-efficiency trade-off in the context of social preferences.
6. Analyze how taxes effect economic efficiency and equity.
7. Describe the major social insurance programs in the United States.
8. Gather, summarize, and apply academic research to a specific U.S. policy proposal

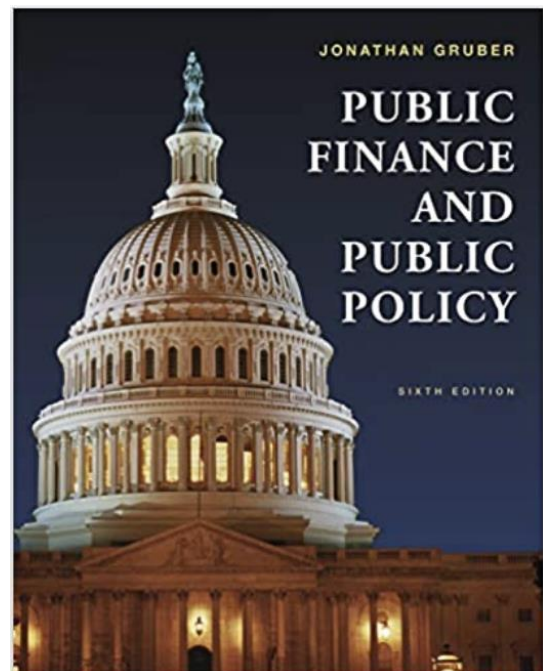
Textbook

Public Finance and Public Policy (6th edition)
Jonathan Gruber
published by MacMillan
ISBN: ISBN:9781319105259
E-book ISBN: ISBN:9781319105273

The textbook is a key part of the course. It offers additional examples, context, and practice problems that you can use to deepen your understanding of material from lecture. The majority of our class lectures and activities will correspond to specific chapters from the text.

An earlier edition of the textbook should be fine. It is the student's responsibility to make sure the chapter from a previous edition covers the same basic content as the 6th edition (i.e., chapter 6 is about environmental externalities).

If purchasing/renting a textbook will be a hardship for you, please let me know and we'll work something out.



Grading and Class Expectations

Your grade will be based on participation, homework, a group project, and four exams.

Participation	10%
Problem Sets	5%
Data and Quantitative assignments (2)	10%
Midterm Exams (15% each)	30%
Final Exam	20%
<u>Group project</u>	<u>25%</u>
<i>Total</i>	<i>100%</i>

Below is the grading scale that will be used for the course:

93.00 – 100% = A; 90.00 – 92.99% = A-; 87.00 – 89.99% = B+; 83.00 – 86.99% = B;
80.00 – 82.99% = B-; 77.00 – 79.99% = C+; 73.00 – 76.99% = C; 70.00 – 72.99% = C-;
67.00 – 69.99% = D+; 63.00 – 66.99% = D; 60.00 – 62.99% = D-; < 60% = F

Grade Expectations

My expectation is that students who demonstrate a “good” mastery of material will earn a final grade of B. Students will need to go above and beyond a good understanding of the material in order to earn a grade in the A range. Letter grades should be interpreted as follows:

A = Excellent; demonstrates advanced and nuanced understanding of material; everything in B range plus ability to synthesize various materials to evaluate economic policy

B = Good; demonstrates intermediate understanding of material; everything in C range plus ability to apply knowledge to new situations

C = Satisfactory; demonstrates a basic understanding of material; everything in D range plus ability to summarize main ideas from class, can give examples relating to various course topics

D = Passing; shows partial understanding of material, can recall or duplicate examples from class

F = Failure; does not understand material and/or does not complete assignment(s)

Class Participation: Students are expected to attend and participate in group discussions, polls, Q&As, and other activities.

I expect students to engage in class activities and discussions. Merely attending class will NOT be sufficient to earn participation points. Participation will be measured in several ways, including but not necessarily limited to: (1) class session attendance, (2) answering questions during class, (3) having discussions and solving problems in small groups, (4) asking or answering questions in full-class discussion, particularly during group presentations, (5) completing in-class assignments which will occasionally be handed in and graded for completeness, and (6) completing a participation self-assessment.

It is important to speak up in class discussions. It is equally important to listen and give other students the chance to speak up. This is especially true in a remote environment, where it is easy to accidentally speak over someone. Try your best to be courteous and not interrupt or talk-over one of your classmates.

Problem Sets: Homework for this course will include solving mathematical/graphical problems as

well as writing short responses to questions and reading assignments. Homework assignments will be posted in Moodle, and are due by 11:59pm Eastern Time on the due date posted. Your lowest problem set score will be dropped. Problem sets will be graded on a 0/80/100 scale. In order to earn 100 on a problem set, all of the problems need to be answered completely, correctly, and concisely. Work that includes incomplete, incorrect, or extremely long meandering answers will receive an 80. If less than half of the assignment is completed or if more than half the answers are incorrect, a grade of 0 will be assigned. Problem sets will be posted in Moodle, and are due at the end of the week (Friday at 11:59pm Eastern Time). Late problem sets will be penalized as follows: 1 min-24 hours late 25% penalty, 24-48 hours late 50% penalty, 48-72 hours late 75% penalty, more than 72 hours late, not accepted. Students are encouraged to work together, but expected to turn in their own work. Copying from another classmate, the internet, or any other source will result in a failing grade for that assignment.

Group Project: Students will be divided into groups of four or five students for a group project. Each team will choose one current policy US proposal and analyze the policy using the tools developed in class. The policy analysis will also include academic research (students will need to cite 4 relevant academic papers and explain how each relates to their policy). Student group-project grades will be based on an in-class presentation, the presentation slides, an annotated bibliography of the academic research (more details to come later), and a written script of the presentation. Each student will also be required to write an individual short reflection paper highlighting their contribution to the group project. More details will be provided as the term progresses.

Exams: There will be two midterm exams based on the problem sets, class lectures, and readings. Exams will consist of multiple-choice questions, short written questions, graphs, and mathematical problems. Exams will be administered in class. Missed exams *without* a Dean's excuse will receive a zero. Missed exams *with* a Dean's excuse will have their final re-weighted to take the place of the missed exam. The final exam will be comprehensive and will be given on a date and time that will be announced by the registrar (I will post this in Moodle and announce it in class). The final exam must be taken in order to pass the class, so please make any family or travel plans for *after* finals week. A missed final due to an unanticipated, verifiable emergency will be handled with an incomplete for the course.

Exams are an opportunity for you to demonstrate your mastery of the material. Mastery of the material includes more than just reproducing the examples covered in the text and in class. It includes showing you have the ability to apply the concepts we are learning to problems you haven't seen before. You will get practice solving problems in class and on problem sets. *Remember learning is more than knowing how to use a tool, it is recognizing when to use it.*

Regrade Request: If you notice an arithmetic mistake in totaling the number of points on a homework assignment or midterm, simply point this out to me as soon as possible, and the correction will be made. For any other reconsideration of a grade on an exam, you must submit a formal re-grade request explaining why you believe your answer(s) should be given more points. This request must be made in writing and given to me no later than one week after the midterm is returned. Note that the entire midterm will be subject to re-grading, so overall you may gain or lose points if you request a re-grade.

Final grades are not negotiable: Do not contact me after the final semester grades have been posted asking me to change your grade for any reason. *(Of course, if you believe your grade was posted*

erroneously by all means DO contact me.) I do not round grades. Extra credit will NEVER be assigned on an individual basis.

Resources to help you succeed in this class

Office hours. I will be available during office hours on Zoom to help answer your questions (link posted in Moodle). I will use the waiting room feature of Zoom during office hours. When you log into the Zoom session, you'll be placed in a virtual waiting room. If I'm not meeting with anyone else, I'll admit you to my office hours immediately. If I'm currently meeting with another student, I'll admit you as soon as I'm able. If you want to come to office hours a group, just let me know, and I can admit multiple students from the waiting room at the same time.

Students of all ability levels come to my office, including some of the best students, so you don't need to worry about asking silly questions or feeling lost. To get the most out of office hours, you should come with a specific question (when possible). If you need help with an assignment or practice problem, you should try by yourself and bring me your work, so I can help you figure out where you're getting stuck.

Each other. Your fellow classmates will be an excellent resource to help you succeed in this course. I encourage you to form study groups and work together on problem sets. You will each have competitive advantages that will strengthen the group overall.

Academic Resource Hub. The college has many services available for students, including tutors, in the academic resource hub.

The textbook. The textbook includes examples and practice problems that will help strengthen your intuition and answer your questions. I selected this text because it uses non-technical language and focuses on examples and explanations.

The library. The research librarians in the library are available to help you find, organize, and evaluate academic research for your group project.

Student Academic Resources Moodle Spaces site. Students may self-enroll at <https://spaces.lafayette.edu/enrol/index.php?id=1276>

Class and College Policies

College Mission: In an environment that fosters the free exchange of ideas, Lafayette College seeks to nurture the inquiring mind and to integrate intellectual, social, and personal growth. The College strives to develop students' skills of critical thinking, verbal communication, and quantitative reasoning and their capacity for creative endeavor; it encourages students to examine the traditions of their own culture and those of others; to develop systems of values that include an understanding of personal, social, and professional responsibility; and to regard education as an indispensable, lifelong process.

Diversity: Lafayette College is committed to creating a diverse community: one that is inclusive and responsive, and is supportive of each and all of its faculty, students, and staff. The College seeks to promote diversity in its many manifestation. These include but are not limited to race, ethnicity, socioeconomic status, gender, gender identity, sexual orientation, religion, disability, and place of origin. This class will work to create a supportive environment embracing diversity as stated above. I would also like to emphasize, given the political nature of many of the topics we will consider in this class, the importance of creating an environment where a diverse set of opinions and ideas can be expressed in the classroom. I welcome your contributions and ideas, provided they are expressed in a respectful manner, no matter whether they lean towards conservative or liberal positions in economic and social issues.

Learning and Accessibility: Lafayette College is committed to creating a learning environment that meets the needs of its diverse student body. If you anticipate or experience any barriers to learning in this course, you are welcome to discuss your concerns with me. If you have a disability, or think you may have a disability, please meet with the Office of Accessibility Services, to begin this conversation or request an official accommodation. If you have already been approved for accommodations through the Office of Accessibility Services, please meet with me so we can develop an implementation plan together.

Academic Integrity: We will follow the Lafayette Student Code of conduct for this class.
<https://conduct.lafayette.edu/student-handbook/student-code-of-conduct/>

Federal Credit Hour Requirement: The student work in this course is in full compliance with the federal policy, practice, and implementation related to the credit hour provisions in the higher education opportunity act of 2008. This means that I may require you to attend events outside the class hours (e.g. discussion sessions, workshops, final examinations, etc.) Please see the Lafayette College Compliance webpage on the Registrar's site for the full policy and practice statement. <http://registrar.lafayette.edu/additional-resources/cep-course-proposal/>

COVID-19-Related Health Concerns: If you suspect you have COVID-19 and are seeking a Dean's Excuse, please follow these steps: students learning on campus: First contact Bailey Health Center for consultation and COVID-19 testing. If a positive test result is received, the student must follow the College's protocols for clearance. If symptoms are significant enough to interfere with remote learning/engagement with classes, Bailey Health Center will submit a Dean's Excuse confirmation to the Office of Advising, who will process the Dean's Excuse.

If through Bailey Health Center's protocols you are not cleared to attend in-person classes for a period of time, I will be informed of this status through the Office of Advising. You must not return to class until medically cleared to do so. I will also be notified when you are cleared to return to in-person classes. Please note that Bailey Health Center or the Dean's Office will **not** disclose to me your specific medical information; they will not specify to me if you have to "isolate" due to a positive COVID-19 test, or "quarantine" due to possible exposure. They will only specify if you are "not cleared" or "cleared" to attend in-person classes. Additionally, please

email me so that together we can make a plan to help you keep up with the course until you are cleared to return to in-person instruction.

Possibility of Remote Learning/class on Zoom: It is possible that we will need to move class to Zoom briefly during the semester. An example might be if my childcare center is closed because of COVID or if there is too much snow to safely travel to/around campus. If that happens, I'll post an announcement in Moodle and email the class. *It is the student's responsibility to check their Lafayette email account before each class session.* If you do not see an announcement, you can safely assume that class will be held in person, in the Simon Center. If class has to be held remotely, a detailed announcement will be posted in Moodle.

Proper Usage of Course Materials and Classroom Recordings: At Lafayette College, all course materials are proprietary and for class purposes only. This includes posted recordings of lectures, worksheets, discussion prompts, and other course items. Reposting such materials or distributing them through any means is prohibited. Such materials should not be reposted or distributed through any means. You must request my permission prior to creating your own recordings of class materials, and any recordings are not to be shared or posted online even when permission is granted to record. If you have any questions about proper usage of course materials please ask me. Please also be in contact with me if you have any concerns with being recorded during the course. Online discussions in Moodle occurring during synchronous class sessions should also remain private and not be shared outside of the course. Courses using Moodle will make student information visible to other students in this class. Student information in courses is protected by the Family Educational Right to Privacy Act (FERPA). Disclosure of student information to unauthorized parties violates federal privacy laws and it must not be shared with anyone outside the class. Questions can be referred to the Registrar's Office.

Recording: I will let you know if we are recording (if we have to meet via Zoom). Unless I give you my explicit consent, you are not allowed to record classes on your own. You are not allowed to record video or audio. Nor are students allowed to take pictures (screen-captures or screen shots) of class sessions.

Class Schedule

Subject to change. Any changes will be announced in class and in Moodle. Readings refer to textbook chapters in Gruber. Unless otherwise specified, problem sets are due Friday at 11:59pm Eastern time.

week	date		Textbook
1	1/25/21	syllabus, intro	1
	1/27/21	theoretical tools/micro review	2
2	2/1/21	social welfare / micro review / FFWT	2
	2/3/21	budget analysis and debt	4
3	2/8/21	externalities	5
	2/10/21	environmental externalities	6
4	2/15/21	public goods	7
	2/17/21	public goods	
5	2/22/21	cost benefit analysis	8
	2/24/21	exam chapters 1,2,4,5,6,7	
6	3/1/21	political economy	9
	3/3/21	political economy	9
7	3/8/21	political economy	9
	3/10/21	time to work on group project check-in	
8	3/15/21	Spring Break	
	3/17/21	Spring Break	
9	3/22/21	social insurance	12
	3/24/21	social security	13
10	3/29/21	ss and/or unemployment insurance	14
	3/31/21	exam chapters 8, 9, 12, 13	
11	4/5/21	ui and/or start programming activity	
	4/7/21	social security programming activity	
12	4/14/21	inequality and poverty	17
	4/14/21	Lorenz curves data activity; inequality discussion	
13	4/19/21	time to work on presentations	
	4/21/21	tax: types of taxes	18
14	4/26/21	tax: tax incidence	19
	4/28/21	presentations	
15	5/3/21	presentations	
	5/5/21	presentations	
finals week	TBD	Final exam, cumulative	