

University of Florida
Public Economics: ECO 450473-352
Fall 2019

Professor:	Dr. Stephen Calabrese
Office:	MAT 324
Office Hours:	Friday 10-12pm or e-mail to make an appointment
Phone:	352-846-1988
E-Mail:	scalabrese1@ufl.edu
Teaching Assistant:	Jieon (Jin) Shim
Office:	MAT 301A
Office Hours:	Mondays 10:00 am - 12:00 pm or e-mail to make an appointment
Phone:	352-392-5805
E-Mail:	jshim@ufl.edu

Course Materials:

1. Gruber, Jonathan. *Public Finance and Public Policy*. 6th ed. Worth Publishers, 2019
2. Access to a computer with e-mail, internet capability, Microsoft office and a printer.
3. Colored pens, pencils or markers and a straight edge for drawing accurate graphs. You might find that it is helpful to take notes on graph paper in this course. A calculator is also helpful - you won't need anything fancy.

Course Objectives and Learning Outcomes

In this class we will analyze the role that a government plays in a market economy and the lives of its citizen. We will consider some reasons for government intervention in markets and study the impact of government programs on the behavior and welfare of its citizen. We will analyze some of the main economic challenges faced by modern societies in an increasingly globalized economy.

Questions to be answered include:

- Why should the government intervene in the working of private markets or goods or services?
- What kind of interventions are most desirable?
- What efficiency consequences result from government regulation or taxation?
- How would individuals or firms change their behavior in response to government policies?

Theories of efficiency and equity are introduced. The conditions under which market systems are efficient, as well as the conditions under which they are inefficient, are explained. Within a theoretical framework, possible government remedies are discussed.

In this course, we also cover positive economic analyses of government activities, and not just normative or optimal economic analyses of government activities. In other words, we also discuss the factors explaining the actual role of government in society as well as the optimal role of government.

This course will not give you all of the answers. Many of you will face different issues in making sound policy decisions with respect to a variety of situations in private, public and non-profit organizations. Those issues change rapidly in the current environment. Hence, the best that can be done is to give you the tools and knowledge of “where to look to find some guidance.” Therefore, emphasis in the class will be on economic concepts.

Course Requirements and Expectations

1) Prerequisites: Students are expected to have completed an intermediate microeconomics course, an introductory statistics course, and a course in differential calculus. We make extensive use of graphs and basic algebra. It is assumed that you are comfortable with these tools. Any students having difficulties with the mathematics used in this course should let me know immediately; I’ll be happy to help you develop the skills you need.

2) Format of the course: There will be two lectures per week on Tuesday and Thursday. Each lecture is 95 minutes. In lectures, we will cover new material, go over case studies, and solve exercise problems. When a homework (see below) is due to be submitted, we will go over the answers to the homework in the lecture.

3) Attendance Expectations: You are expected to attend all classes unless you have a family or health related emergency. It will make learning the material much easier if you regularly attend lectures and recitations. Attendance and class participation is 10% of the total grade.

Each student will be assigned a seat that he/she will sit in for every lecture. Attendance will be taken at the beginning of every class. The attendance will be taken by examining the empty seats and the seating chart. If a student is not in his/her assigned seat at the beginning of class, you will receive no credit for attendance. If a student arrives to class after attendance is taken, he/she will be marked absent and not receive credit for attendance. **If a student leaves the class at any time during the class, the student will not receive attendance credit even if he/she returns to class before the class is over, unless the student speaks to me after class and explains why he/she left class and I accept the explanation as a valid excuse for leaving the class.**

In each lecture, we will cover new material. It will be important to attend the lectures, not only for the attendance grade, but because the lectures will help you to better understand and answer

the homework problems. I will even go over some of the homework problems in lecture before the homework is due.

The instructor will not repeat instructions or material covered in the lecture during office hours simply because you skipped the lecture. When you must miss a class it is your responsibility to get lecture notes and assignments from another student and make a good-faith attempt to understand the material covered. If you are unclear about the material covered, please meet with the TA or me before the next lecture.

If you miss a class, the only way you will not lose attendance credit is if you provide a valid written medical excuse from a doctor.

If you are habitually absent, you are on your own. You will have to learn the material yourself. I will not meet with you during office hours

4) Class Participation: When attending class please arrive on time, stay for the entire class, and spend the class time taking notes. I will ask you to leave if you are overly late or habitually late.

Come to class prepared. Students are expected to read the suggested section of the texts, case studies, and other readings prior to the regular class meetings. As a guideline, faculty expects that you will spend at least 2 hours preparing for class for each hour you spend in class. That means 190 minutes of preparation for an 95-minute class period. Do not get behind. You need to spend significant time on class preparation before every class rather than letting work pile up.

You are welcome and encouraged to ask questions during the class. I have a tendency to talk fast so it is fine to ask me to slow down, clarify or amplify on the material. Please direct questions and comments to me. This also helps me know when I should slow down or further elaborate on an issue. In addition, if my handwriting becomes hard to read, please let me know and I will improve it.

Talking with fellow students during class is completely unacceptable. It is extremely inconsiderate to other students, and the instructor. You will be asked to leave the class if you talk with other students.

Make sure your cell phone is turned off during class. If it rings during class, you will be asked to leave the class.

Laptops are not permitted in class. Lecture notes will be posted on blackboard before class and you should download and print these notes and bring them to class. You can take notes on these slides. You will be asked to leave the class if you have a laptop.

Do not sleep in class. If you cannot stay awake, please skip the lecture. You will not get credit towards attendance if you sleep through a class.

5) Internet Resources: In order to participate fully in this class, you must have access to a computer with e-mail, internet capability and a printer

I will post my PowerPoint lecture slides on the course Canvas. Other class material and information will also be posted on the Canvas site. Also, much of the class communication will occur on Canvas. I will post homework assignments on Canvas.

Again, please print a copy of the PowerPoint slides before class for each relevant chapter. I will be using these slides, so you can take notes directly on them as I discuss them during class.

Because of time constraints, I will not go every slide. When studying concentrate on the slides I go over in class.

6) Working in Groups: Students are permitted and encouraged to work on homework problems in groups of 2 students. Any verbatim copying on homeworks between groups will be considered cheating by all students involved. **Academic integrity is take very seriously, any student caught cheating will be immediately referred to the Dean's office.** First offense of any cheating or plagiarism on a homework will result in reduction by one letter grade of your overall course grade. A second offense will result in failure of the course.

Students are strictly prohibited from working together on exams. **Any collusion on in-class exams will result in failure of the course.**

7) Office Hours: The instructor and the TA will only definitely meet with students during office hours or by appointment made through email. It is preferable and very much encouraged that students attempt to go to the instructor's or TA's office hours before scheduling an appointment by email.

If students do come to our offices during non-office hours and without an appointment, we will meet with them only if we have the time to meet with them. Do not come to our office during non-office hours to ask to make an appointment or to pick up a graded exam that you can get at lecture or during office hours.

Homework Assignments

There will be SIX homework assignments. Your lowest homework grade will be dropped. Each homework will be worth 5% of your overall grade for a total of 25% of your overall grade. Each will consist of both mathematical exercises and essay question. Make a copy of all submitted assignments. Submit the original and bring the copy to class. We will go over the answers to the assignments. Keep your copies to make notes on them as we go over the answers. You may submit your homework assignments early if you cannot make the class when the assignments are due. You will receive no credit if your assignments are not turned in on time. Treat them as if they were assignments with a firm deadline at your job. The assignments are designed to help you learn the course material. These assignments will include material we have previously covered in class as well as questions that are designed to preview material we will discuss in following classes.

As stated above students are permitted and encouraged to work on homework problems in groups of 2 students. Any verbatim copying on homeworks between groups will be considered

cheating by all students involved. **Academic integrity is take very seriously, any student caught cheating will be immediately referred to the Dean's office.** First offense of any cheating or plagiarism on a homework will result in reduction by one letter grade of your overall course grade. A second offense will result in failure of the course

Evaluation Criteria and Dates for Assignments and Exams

There will be a midterm examination and a final examination. These exams will consist of essays and exercises based on the lectures, exercises solved in class, readings from the text, other provided readings, case studies from class, and on homework discussion questions. **Exams are non-cumulative.**

Exam dates will not be rescheduled. Students may be excused from exams only under very unusual circumstances and only if arrangements are made in advance.

Make-up exams will only be given for a valid written medical excuse from a doctor. Make-up exams will be more difficult and rigorous than the original exam. This is only fair since you have extra time to study for make-up exams.

The questions, answer sheets, and answer keys to the exams will not be returned or posted on canvas. In order for a student to appeal an exam grade, a written appeal must be submitted. **Also, the exam must be written in pen.** During the class day after each exam day, I and/or the TA will go over the answers to the exam questions. You must attend this session if you want to have the right to appeal your exam grade. Only students who stay for the whole class time when I and/or the TA go over the answers to an exam will have the right to appeal their grades. After we go over the answers to the exam, students will have the remainder of class time if they wish to write an appeal and attach it to his/her exam and submit it. The written appeal must be submitted by the end of class time.

Again, in order to appeal your exam grade, not only does your name need to be on this list, but you must submit a written appeal. Your whole exam will then be graded again.

Also, all exams must be returned to the me. You must return your exam immediately back to me after the answers to the exam are reviewed. If you plan to appeal, your appeal must be attached and returned with your exam.

Five Homework Assignments: combined total,	25% of grade
First Exam	30%
Final Exam	35%
<u>Attendance/Class Participation</u>	<u>10%</u>
Total	100%

Dates of Assignments and Exams

<u>Assignment/Exam</u>	<u>Due</u>
Assignment #1	Sept. 3 (Tues.)
Assignment #2	Sept. 19 (Tues.)
Assignment #3	Oct. 8 (Tues.)
Midterm	Oct. 10 (Thurs.)
Assignment #4	Oct. 31 (Thurs.)
Assignment #5	Nov. 14 (Thurs.)
Assignment #6-	Dec. 3 (Tues.)
Final Exam	Dec. 12: 3:00 PM - 5:00 PM (Thurs.)

COURSE OUTLINE AND READING ASSIGNMENTS: Each topic will take 1 or 2 weeks. We will not have time to cover all the topics, but we will do as many as possible. We will probably skip a few topics. I will inform you which topics we will definitely skip.

Topic 1: Course Introduction; Why study Public Finance?

Reading: Gruber, Chapter 1

Topic 2: Externalities

Reading: Gruber, Chapters 5 and 6

Topic 3: Public Goods

Reading: Gruber, Chapter 7

Topic 4: Political Economy

Readings: Gruber, Chapter 9

Topic 5: State and Local Government Expenditures

Readings: Gruber, Chapter 10

Topic 6: Education

Reading: Gruber, Chapter 11

Topic 7: Social Insurance

Reading: Gruber, Chapter 12

Topic 8: Social Security

Reading: Gruber, Chapter 13
Notes on Social Security