

# Economics 42200: Public Finance and Taxation

## Summer 2019

This syllabus is preliminary and subject to change.

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Office Hours: Tuesday 11 am – 1 pm EDT via WebEx, additional hours T.B.A. and appointments welcome

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Office Hours: Friday 1:00 – 3:00 pm EDT via WebEx, additional hours T.B.A. and appointments welcome

### Course Description

In this course we study the role of government in market economies. The aim of the course is to provide an understanding of the reasons for government intervention in the economy, its financing via taxation, and how individuals respond to government action. Emphasis is placed on current U.S. policy issues including environmental policy, Social Security, education policy, welfare programs, and healthcare.

### Course Objectives

1. Demonstrate understanding of the most common types of government taxation and public programs.
2. Critically analyze the effects of these taxation methods and programs on the behavior of economic agents
3. Apply economic reasoning to the viability of real-world taxation and public programs.

### Textbook (not required)

Rosen and Gayer, Public Finance (any edition)  
9th edition ISBN: 978-0073511351  
10th edition ISBN: 978-0078021688

### Prerequisites

ECON 25100, ECON 25200 and MA 16010

### Grading

The course will be out of 100 points with points derived as follows:

Exam 1: 20  
Exam 2: 20  
Homework: 25  
Article Analysis: 20

Discussions: 13  
Onboarding Quiz: 2

#### *Exams:*

Exams will test your ability to apply course material. They will be administered through Proctortrack, and you will be required to complete them within a 24 hour window. You will complete an Onboarding quiz the first week to test out the system, and will get 2 points for doing so.

#### *Assignments:*

There will be 6 homework assignments, and I will drop the lowest homework score. Each of the non-dropped assignments will be worth 5 points. These will be completed through Blackboard.

#### *Article Analysis:*

This short paper (3-4 pages) is your chance to apply course content to the topic of your choice. Your grade will be based on the final paper you submit (15 points) as well as your participation in a peer review process (5 points). Additional details will be provided.

#### *Discussions:*

There will be 3 discussions in this class. The first is a getting-to-know-you discussion worth 1 point. The second 2 are on real world policies and worth 6 points each. They will be graded according to the discussions rubric.

#### *Late Work:*

Late work will be accepted with a 20% penalty, but will not be accepted after the working day following the due date. **All deadlines are in Eastern Daylight Time (i.e. West Lafayette time).**

#### *Make-up Exams:*

Make-up exams will only be given to students who have a university-approved excuse. If you know ahead of time that you will have a conflict with an exam, please let me know. There will be a 24-hour window in which to take exam 1 and a 48-hour window for exam 2, so I do not expect there to be conflicts. That said, I understand that taking an online class on an accelerate timetable online could cause difficulties, especially for those of you abroad. Please contact me ASAP with any issues or special situations and document any issues as well as possible.

#### *Regrades:*

If you would like to contest a grade, you may do so, but it must be within 2 weeks of the graded work being returned to you. I will offer you a "regrade" in which I grade your work myself (not the TA), and you receive the grade I would have given you. Even if the regrade is lower than the original grade, you will receive it instead of the original.

#### *Grade Breakdown:*

A+ : 97 – 100  
A : 93 – 96.9  
A- : 90 – 92.9  
B+ : 87 – 89.9  
B : 83 – 86.9

B- : 80 – 82.9  
C+ : 77 – 79.9  
C : 73 – 76.9  
C- : 70 – 72.9  
D+ : 67 – 69.9  
D : 63 – 66.9  
D- : 60 – 62.9  
F : < 60

### Office Hours

Your TA and I will both be holding virtual office hours on WebEx, but we will be in our physical offices during those times as well, so students staying in West Lafayette over the summer are welcome to visit us on the 3<sup>rd</sup> floor of Krannert. In an effort to accommodate your schedules, we are intending to add a few more after we find out everyone's time zone and available times. Please let us know what restrictions exist in your schedule so that we can work around them.

### Academic Integrity

"As a boilermaker pursuing academic excellence, I pledge to be honest and true in all that I do. Accountable together - we are Purdue."

Academic dishonesty absolutely will not be tolerated. I reserve the right to enact penalties for students I believe to be engaged in cheating up to and including a grade of "F" for the course and filing a report with the Dean of Students Office. In this course, academic dishonesty can include plagiarism, copying another student's exam, having someone else complete your assignments or tests for you, and electronic (or otherwise) communication of test answers, among other offenses.

Academic integrity is one of the highest values that Purdue University holds. Individuals are encouraged to alert university officials to potential breeches of this value by either emailing [integrity@purdue.edu](mailto:integrity@purdue.edu) or by calling 765-494-8778. While information may be submitted anonymously, the more information that is submitted provides the greatest opportunity for the university to investigate the concern.

Posting exams or assignments from this class to online services such as Course Hero, Chegg or Quizlet without my permission will be considered a violation of academic integrity in this class.

### ADA

Purdue University strives to make learning experiences as accessible as possible. If you anticipate or experience physical or academic barriers based on disability, you are welcome to let me know so that we can discuss options. You are also encouraged to contact the Disability Resource Center at: [drc@purdue.edu](mailto:drc@purdue.edu) or by phone: 765-494-1247. I recommend presenting any "Letters of Accommodation" to me early in the semester so that we can begin to arrange accommodations as soon as possible.

### Non-discrimination

Purdue University prohibits discrimination against any member of the University community on the basis of race, religion, color, sex, age, national origin or ancestry, genetic information, marital status, parental status, sexual orientation, gender identity and expression, disability, or status as a veteran. The University will conduct its programs, services and activities consistent with applicable federal, state and local laws,

regulations and orders and in conformance with the procedures and limitations as set forth in Executive Memorandum No. D-1, which provides specific contractual rights and remedies. Any student who believes they have been discriminated against may visit [www.purdue.edu/report-hate](http://www.purdue.edu/report-hate) to submit a complaint to the Office of Institutional Equity. Information may be reported anonymously.

### CAPS Information

Purdue University is committed to advancing the mental health and well-being of its students. If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, services are available. For help, such individuals should contact Counseling and Psychological Services (CAPS) at (765)494-6995 and <http://www.purdue.edu/caps/> during and after hours, on weekends and holidays, or by going to the CAPS office of the second floor of the Purdue University Student Health Center (PUSH) during business hours.

### Important Dates

Homework 1: due 7/11 by midnight EDT  
Homework 2: due 7/13 by midnight EDT  
Discussion 1: first post due 7/15 by midnight EDT  
Homework 3: due 7/18 by midnight EDT  
Exam 1: test available from noon 7/19 to noon 7/20  
Discussion 2: first post due 7/22 by midnight EDT  
Article due for peer review: due 7/24 by midnight EDT  
Homework 4: due 7/25 by midnight EDT  
Homework 5: due 7/27 by midnight EDT  
Article peer review: due 7/29 by noon EDT  
Final article analysis: due 7/31 by midnight EDT  
Homework 6: due 8/1 by midnight EDT  
Exam 2: test available from 12:01 am 8/1 to 12:01 am 8/3

### Topics Covered

welfare economics  
market failures  
public goods  
externalities  
income redistribution  
transfer programs  
social security  
education  
healthcare  
environmental policy  
tax incidence  
efficient and equitable taxation  
behavioral responses to taxation  
US personal and corporate taxes  
alternative tax systems