

Economics 42200: Public Finance and Taxation

Spring 2019

This syllabus is preliminary and subject to change.

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Course Description

In this course we study of 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) also on reserve in the Parrish Library (Krannert 2nd floor)
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 **130 points** with points derived as follows:

Exam 1: 15
Exam 2: 20
Exam 3: 20
Singapore Project Part 1: 5

Singapore Project Part 2: 15
Singapore Project Part 3: 15
Class Activities: 5
Problem Sets: 15 (3 sets at 5 pts each)

Problem Sets:

These are designed to give students feedback on exam-type questions. There will be 3 sets, and each is worth 5 points for 15 points total.

In-class Activities:

These active learning activities will occur in class, and they will be participatory in nature. Each will be worth 1 point, and I will have at least 7 of them. Students can therefore miss 2 of them and still receive the full 5 points available. For this reason, I will not allow students to make up the points that they miss due to absence.

Singapore Project:

This is a group project designed to address Course Objective (3) and challenge students with the experiences of governing as a coalition. Each student's grade on part 2 and 3 will be composed of the group grade (30%) and the individual's grade on their program (70%). Grades for part 1 will be group grades.

Late Work:

Late work will be accepted with a 20% penalty, but will not be accepted after the working day following the due date. Work submitted more than 10 minutes after the start of class is considered late.

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. In the case of unexpected absence (or religious holiday), you must provide notification by the end of the second working day after the absence. Failure to notify me of an absence in a timely manner as described in this syllabus can result in a score of zero for the assessment in question.

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: I'll scale the 130 points back to 100 points, then apply the usual:

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

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, answering hotseat questions when you are not present, 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 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 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 to submit a complaint to the Office of Institutional Equity. Information may be reported anonymously.

CAPS Information

If you find yourself beginning to feel some stress, anxiety and/or feeling slightly overwhelmed, try WellTrack, <https://purdue.welltrack.com/>. Sign in and find information and tools at your fingertips, available to you at any time.

If you need support and information about options and resources, please see the Office of the Dean of Students, <http://www.purdue.edu/odos>, for drop-in hours (M-F, 8 am- 5 pm).

If you're struggling and need mental health services: 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 mental health 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

EXAM 1: January 30

EXAM 2: March 4

EXAM 3: finals week (TBD)

Problem set 1: January 25

Problem set 2: February 22

Problem set 3: April 19

Singapore Project Part 1: February 13

Singapore Project Part 2: March 20

Singapore Project Part 3: April 17

Topics Covered by Week

week 1: 1/7-1/11

welfare economics

week 2: 1/14-1/18

benefit-cost analysis

market failures

week 3: 1/21-1/25

NO CLASS 1/21

market failures

political economy

PROBLEM SET 1 DUE 1/25

week 4: 1/28-2/1

review

EXAM 1: 1/30

environmental policy

week 5: 2/4-2/8

environment

income redistribution

week 6: 2/11-2/15

transfer programs

health care

SINGAPORE PART 1 DUE 2/13

week 7: 2/18-2/22

healthcare

social security

education

PROBLEM SET 2 DUE 2/22

week 8: 2/25-3/1

education

review

week 9: 3/4-3/8

EXAM 2: 3/4

tax incidence

week 10: 3/11-3/15

SPRING BREAK!

week 11: 3/18-3/22

efficient and equitable taxation

behavioral responses to taxation

SINGAPORE PART 2 DUE 3/20

NO CLASS 3/22

week 12: 3/25-3/29

behavioral responses to taxation

week 13: 4/1-4/5

US personal taxes

week 14: 4/8-4/12

corporate taxes

alternative tax systems

week 15: 4/15-4/19

bonus topics!

SINGAPORE PART 3 DUE 4/17

PROBLEM SET 3 DUE 4/19

week 16:

bonus topics!

review