



SYLLABUS FOR ECON 2400 / PUBLIC FINANCE
FALL 2019 | TTh 12:00 – 1:50 PM | STURM 380

Instructor: Yavuz Yaşar

Office: STURM Hall 240 & Office Hours: TTh 11:00-11:50 AM or 3:00-3:50 PM or by appointment. Phone : 303 871 22 44 & E-mail : yyasar@du.edu

COURSE DESCRIPTION & GOALS: The course is about public-sector economics from historical, theoretical and policy perspectives. While the theory explains the rationale for the existence of why the state plays a distinct role in market or capitalistic economies, social and fiscal policies explains how revenue (i.e., taxation) is collected and spending (e.g., social insurance, welfare, etc...) is made by the federal as well as the state and local governments and their impact in the economy in the U.S. Historical perspectives help to reveal the changing conceptualization and praxis of theories and policies over time. Specifically, the course focuses on three major topics:

- ***Historical & economic rationale for the public-sector:*** The dominant economic theory (i.e., neoclassical theory) suggesting market failure as the justification for state intervention versus an alternative, critical and historical perspective that sees the state, the public sector, and the need for the state intervention as inseparable conditions for the market economies and their reproduction.
- ***Social insurance & redistribution:*** Various social insurance and public assistance policies and their financing such as social security, Medicare and Medicaid, and welfare programs in the U.S.A.: Why they exist, how they work, and what impact they have in social and economic lives of people.
- ***Theory & practice of taxation:*** Economic theories of taxation and economic analysis of taxes on labor and business income in the U.S.A. How and why taxation of labor and property income are justified, how they work, what impact they have in terms of incentives they create.

Students will study these topics **from two perspectives**: traditional (or mainstream) vs. critical (non-mainstream); and **at two levels**: federal and local. First, we will discuss the topics above from the perspective of the mainstream economics or neoclassical economic theory. Our textbook will help us in that effort. Then, we will also have additional readings that will introduce non-mainstream and alternative ideas and perspectives in order to achieve the following learning outcomes. We will also look into public finance of the state of Colorado throughout the course. Historical perspectives will accompany along the way.

DU Grand Challenges Classes. DU Grand Challenges is a campus-wide initiative to bring together university and community change-makers to address the most difficult and far-reaching issues facing our society today. In this class, we will address topics related to DU Grand Challenges issues: improving daily living, increasing economic opportunities, and advancing deliberation and action for the public good. If you are interested in learning more about DU Grand Challenges and how to get involved, visit grandchallenges.du.edu.

STUDENT LEARNING OUTCOMES: After taking this course, we expect that our students will

- begin to develop a conceptual and critical understanding of public sector-economics (including public finance and policy).
- gain a critical perspective on the redistributive role of the state in the market-based economy.
- understand the significance and complexity of specific public finance and policy issues such as social insurance, welfare programs, and taxation.

TEXTBOOK & READINGS: We will use the following three sources: two books and a Course-Pack (CP) consisting of additional readings:

1. *Public Finance and Public Policy* (6th edition), by Jonathan Gruber, Worth Publishers. 2019. New York.
2. *The Purple Book: A Colorado Compendium of Useful Fiscal Facts, 2018, 3rd Edition.* Colorado Fiscal Institute (*Not available at the bookstore and more information will be available in class*).
3. Additional readings posted on Canvas within a file entitled ‘Course-Pack’ (CP).

CLASS FORMAT: Class time will be dedicated to lectures and in-class discussions by following the course outline below. In lecture part, I will introduce the topic of the day for an in-class discussion, clarify a point and/or issues that are not clear to students, initiate in-class discussions by posing questions, and summarize the major points of the topic. However, students should not expect that every single page in the textbook and additional readings will be covered in class. It is students’ responsibility to read the textbook and additional readings and identify those points that are not clear to them. Accordingly, I expect that students be prepared for class in advance. There are two general ways of preparation. First, students need to read the assigned readings outlined below before they come to class. I strongly suggest students taking notes as they read. Second, students need to be ready for active participation by asking and/or answering questions and taking part in group or individual in-class discussions.

EXAMS, ASSIGNMENTS & GRADING: First of all, students must be ready for each lecture by reading in advance the chapters in their textbook and additional readings

(if any) that will be available on Canvas. The second is online quizzes that would consist of multiple-choice questions about the topics covered. What each quiz will cover and when they are due are indicated and listed explicitly below. Finally, there will be two in-class exams. The content of each exam is listed below. These exams may consist of multiple-choice questions that will be chosen from the same and/or similar multiple questions in the online quizzes that are taken by students earlier. In-class exams may also have one part where they choose and define a set of concepts and/or terms; and another part with one short, essay type question. If a student does not take one of these in-class exams without a legitimate excuse that must be documented, the student would automatically get an “F” for the course. The schedule of assignments and their respective weights will be the following:

Schedule of Assignments			Grading Weights	
Assignment Content	Assignment Date	Due Date		
Online Quiz-1 (TOPIC I & II)	09/22	09/23	Quizzes	25%
Online Quiz-2 (TOPIC III)	10/06	10/08	Exam-1	35%
Online Quiz-3 (TOPIC IV)	10/27	10/28	Exam-2	40%
Online Quiz-4 (TOPIC V)	11/17	11/18		
			TOTAL	100%
In-class Exam-1 (TOPIC I, II, III)		10/08		
In-class Exam-2 (PART IV & V)		11/21		

The quality of a student's work	Grade Symbols	Grade Points	
		4-points	100-points
Excellent	A	4	100-98
	A/A-	3.85	97-96
	A-	3.7	95-92
	A-/B+	3.5	91-90
	B+	3.3	89-86
	B+/B	3.15	85-84
Good	B	3	83-80
	B/B-	2.85	79-78
	B-	2.7	77-74
	B-/C+	2.5	73-72
	C+	2.3	71-70
	C+/C	2.15	69-68
Satisfactory	C	2	67-66
	C/C-	1.85	65-64
	C-	1.7	63-60
	C-/D+	1.5	59-58
	D+	1.3	57-55
	D	1	54-53
Minimum Passing	D-	0.7	52-50
	F	0	49>

POLICIES

Timing & Attendance: Come to class on time. Attendance is very important! The course covers a lot of material quickly and some material will only be covered during the lectures. In accordance with DU policy, missing three or more class sessions grounds for giving students a grade of "I" (incomplete).

Preparation: Read the assigned material in advance and familiarize yourself with the subject before the lecture. Think about and work on the questions in your textbook.

Canvas: I will use Canvas for announcements, homework assignments, posting extra readings etc. but Canvas is not a substitute to attending class. It is the responsibility of the student to keep up with the class. You miss classes at your own risk.

Computer/Equipment Use Policy: Although having a laptop in class opens up new learning possibilities for students, previous experience has shown that often times students utilize it in ways that are inappropriate. Thus, please **do not** use laptops and equipment (such as cell phones, tablets, etc.,) during the class time. The use of such equipment is not absolutely necessary for this particular class.

Critical Learning: Do not believe any of the economics you read in the textbook or elsewhere. Learn it well and critically. Do not believe any of the economics I present in class. Learn it well and critically.

The DU Honor Code: Students at the University of Denver are expected to uphold the DU Honor Code and act honestly, act with integrity, and strive for academic excellence. Plagiarism and other forms of academic misconduct have severe consequences and will not be tolerated. Students should familiarize themselves with the honor code (<http://www.du.edu/ccs/honorcode.html>) and the student code of conduct (<http://www.du.edu/ccs/code.html>), and act accordingly.

Disability Service Program (DSP): If you qualify for academic accommodations because of a disability, please submit a letter to me from Disability Services Program (DSP) in a timely manner so that your needs may be addressed. Disability Services determines accommodations based on documented disabilities and is located under the Bookstore in the Driscoll Student Center South. DSP -- 303.871.2455 / 2278 / 7432. The Handbook for Students with Disabilities is available online at <http://www.du.edu/disability> (click on Disability Services Program and then publications) and is also available in hard copy and alternate format.

COURSE OUTLINE JG: Jonathan Gruber (Textbook); PB: Purple Book (Colorado fiscal Institute); CP: Course Pack	
WEEK	TOPICS & READINGS
1	I. INTRODUCTION <ul style="list-style-type: none"> • CP-1 Gale-Chp. 1. Government at a Glance • CP-2 Heilbroner & Milberg-Chp. 7 The Rise of Public Sector • PB- Federal Government (pp.71-75) • JG-Chp. 1. Why Study Public Finance
2	II. BUDGET: FEDERAL AND STATE <ul style="list-style-type: none"> • JG-Chp. 10.1. Fiscal Federalism in the United States and Abroad (pp. 273-278) • JG-Chp. 4.1 Government Budgeting (pp. 89-97) • JG-Chp. 4.2 Measuring the Budgetary Position of the Government (pp. 97-102) • PB-Colorado (pp. 3-9 & 64-70)
3 & 4	III. THEORETICAL PERSPECTIVES & TOOLS <p><u>Microeconomic Perspective: Optimization/maximization</u></p> <ul style="list-style-type: none"> • JG-Chp. 2 Theoretical Tools of Public Finance • <i>Public Goods: Education</i> • JG-Chp. 7 Public Goods • JG-Chp. 10. 3 Redistribution Across Communities • JG-Chp. 11 Education • PB-Colorado (pp. 10-23) <p><u>Macroeconomic Perspective: Fiscal Policy, Deficit & Debt</u></p> <ul style="list-style-type: none"> • JG-Chp. 4.3 Do Current Debts and Deficits Mean Anything? A Long-Run Perspective (pp. 102-110) • JG-Chp. 4.4 Why Do We Care About Government's Fiscal Position? (pp. 110-115) • CP-3 Yasar-Notes on Macroeconomic Theory & Tools • CP-4 Gale-Chp. 2 How we got here and why it matters • CP-5 Heilbroner & Thurow- The economics of Public Sector • CP-6 Boushey et al-The Damage Done by Recessions and How to Respond (only pp. 11-47) in Recession ready: Fiscal Policies to Stabilize the American Economy • CP-7 Hager-Public Debt, Inequality and Power: The Making of A Modern Debt State (only pp. 1-33 & 105-121) • CP-8 Wolff-Deficits: Real Issue Phony Debates
5	EXAM-1 (TOPICS I, II, & III)

5, 6, 7	<p>IV. TAXES</p> <p>Taxation & Tax Equity</p> <ul style="list-style-type: none"> • JG- Chp. 18 Taxation: How it Works and What It Means • JG- Chp. 19 The Equity Implications of Taxation: Tax Incidence • CP-9 ITEP- Who Pays Taxes in America in 2018? • CP-10 ITEP-Who Pays? A Distributional Analysis of the Tax Systems in All 50 States (only pp. 1-30) • PB- Colorado (pp. 41-63) <p>Taxes on Income & Savings</p> <ul style="list-style-type: none"> • JG- Chp. 21 Taxation and Labor Supply-theory • JG- Chp. 22 Taxes on Savings (only pp. 693-707) <p>Taxes on Wealth</p> <ul style="list-style-type: none"> • JG- Chp. 23 Taxes on Risk Taking and Wealth (only pp. 717-735) <p>Taxes on Corporations</p> <ul style="list-style-type: none"> • JG- Chp. 24 Taxation on Business Income
8, 9, 10	<p>V. SOCIAL INSURANCE & DISTRIBUTION</p> <ul style="list-style-type: none"> • JG- Chp. 12 Social Insurance: The New Function of Government <p>Post-war Ideologies & History</p> <ul style="list-style-type: none"> • CP-11 Lister-Dominant post-war ideological perspectives: from ‘middle-way’ to ‘third way’ and beyond. • CP-12 Wolff- Chp. 15- Public Policy & Poverty alleviation (pp. 529-535) <p>Social Insurance Programs</p> <ul style="list-style-type: none"> • JG- Chp. 13 Social Security • JG- Chp. 14 Unemployment Insurance, Disability Insurance, and Workers’ Compensation (only pp. 403-410) • JG- Chp. 16. Health Insurance II: Medicare, Medicaid, and Health Care Reform • CP-13 Rosenbaum-The Myths We Tell Ourselves About the Poor: From the English Poor Law to the Council of Economic Advisers • PB-Colorado (pp. 30-36) <p>Welfare Programs</p> <ul style="list-style-type: none"> • JG- Chp. 17 Income Distribution and Welfare Programs • PB-Colorado (pp.37-40)
11	<p>FINAL EXAM (TOPICS IV & V; STURM HALL 380, THURSDAY NOVEMBER 21, 2019)</p>