

## **Econ 475: Public Economics**

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Class:	Sec 001 MW 9:30 am - 10:45 am, HBL 3712
Instructor:	Riley Wilson
Contact:	<a href="mailto:riley_wilson@byu.edu">riley_wilson@byu.edu</a> , (801) 422-0508, 2139 WVB
Office hours:	M 3:00 - 4:00 PM, Tu 10:00-11:00 AM W 11:00 - 12:00 PM, by appt.
TA:	Ben O'Brien ( <a href="mailto:brobrien4@gmail.com">brobrien4@gmail.com</a> )
TA office hours	TBA

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## **COURSE DESCRIPTION AND LEARNING OUTCOMES**

The purpose of this course is to help students develop an understanding of how and why governments intervene in markets. Students will learn theoretical models and relate these theoretical implications to the empirical literature. Students will be able to articulate the various motivations for government expenditures as well as the problems associated with government revenue raising (taxation). You will evaluate real-world economic data and use theory to understand causes and consequences of empirical observations. You will also apply these concepts to real-world economic events and government policies in the US and abroad.

The learning outcomes for this course are as follows:

- Construct and solve theoretical models of government interventions in the economy.
- Describe the structure, incentives, and impacts of social insurance and other social safety net programs in the United States.
- Apply theory and evidence to evaluate the welfare and distributional effects of taxation and other policies.
- Interpret recent statistical evidence of behavioral responses to taxation, transfer programs, and social insurance.
- Produce and defend a reasoned policy proposal.

To this end, you will also be reading current research articles and policy related work on recent economic events. By the end of this course, you should be able to capably engage in debates about appropriate economic policy.

## **TEXTS**

*Public Finance and Public Policy*, 6th edition, by Jonathan Gruber

## **PREREQUISITES**

Econ 380, Econ 388

## **GRADES**

Grades will be based on the five categories listed below with the corresponding weights.

<b>Item</b>	<b>Pct. %</b>
Final Exam	25%
Midterm	25%
Homework	20%
Final Project Policy Brief	20%
Course Engagement	10%

- **Midterm:** Midterm 1 will cover the content through Insurance Markets. The midterm is based on class lectures and discussions, assigned readings, and homework assignments. The midterm will be in the testing center.
- **Final Exam:** The final exam will cover material from the last half of the class, but is comprehensive in the sense that many terms and concepts carry through the class. This exam will be taken at the assigned time.
- **Homework:** There are 5 problem sets. Homework assignments are usually due one week after the material is covered **at the beginning of class**(see calendar at the end). **Late homework will not be graded.** You may work in groups of up to four and turn in one assignment per group. Although group work is permitted, **I will penalize any reported free riding.** Anyone who is confirmed to have put their name on an assignment without significantly contributing to its completion will lose credit on that assignment and the previous two assignments.
- **Policy Brief:** Each student will work in a group of 3-4 on a Policy Brief. There will be both a written component and a presentation. The paper should be 6-10 pages while the presentation is approximately 10-15 minutes. The purpose of the brief is for students to apply their understanding of the theoretical and empirical tools of public economics to a particular government policy or program. Because this is a public economics class and we understand problems with collective action, students will also score the effort of their group mates, which will contribute to final scores. This is meant to be a culminating activity that applies various aspects of the class. More information will be given in class and is available through Learning Suite.
- **Course Engagement:** As part of your grade, I expect you to engage with me and your fellow classmates both inside and outside of class. The primary purpose of this component of your grade is to give you an incentive to get the most out of this class. You can expect points for each of the following:
  - Complete the beginning of class survey (available on Learning Suite) (1 points)
  - Set up a Zoom/in-person visit during the semester to introduce yourself (1 point)
  - Complete a midcourse evaluation (sent by e-mail) (1 points)
  - Complete the final student ratings for the course (1 point)
  - Attend and report on two visiting scholar lectures (3 points each)

## LEARNING SUITE

We will use [BYU Learning Suite](#) in this class for posting announcements, class resources, problem sets and grades.

## TENTATIVE COURSE OUTLINE

Date	Day	Topic	Gruber Chapters	HW Due
Jan 9	M	Why Study Public Economics?	Ch. 1	
Jan 11	W	Theoretical Tools	Ch. 2	
Jan 18	M	Empirical Tools	Ch. 3	(Group Assignment)
		<b>Role of the Gov't: Correcting Market Failures-Externalities</b>		
Jan 23	M	Externalities	Ch. 5	
Jan 25	W	Externalities	Ch. 5	HW 1
Jan 30	M	Public Goods	Ch. 7	
Feb 1	W	Public Goods	Ch. 7	
Feb 6	M	Cost Benefit Analysis	Ch. 8	
Feb 8	W	Fiscal Federalism/Education	Ch. 10-11	HW 2
		<b>Role of the Gov't: Correcting Market Failures-Insurance Markets</b>		
Feb 13	M	Insurance Markets	Ch. 12	
Feb 15	W	Insurance Markets and Health	Ch. 15-16	
<b>Feb 16-21</b>	<b>Th-Tues</b>	<b>Midterm, Testing Center</b>	<b>Chs. 1-3, 5, 7-8, 10-12, 15-16</b>	
Feb 21	Tu	MIDTERM-NO CLASS		
Feb 22	W	Insurance Markets and Health	Ch. 15-16	
Feb 27	M	Insurance Markets (SS)	Ch. 13	
Mar 1	W	Insurance Markets (UI)	Ch. 14	
Mar 6	M	Insurance Markets (DI)	Ch. 14	HW 3
		<b>Role of the Gov't: Redistribution</b>		
Mar 8	W	Poverty Care Welfare Programs	Ch. 17	
Mar 13	M	Poverty Care (Cash/In-Kind)	Ch. 17	
Mar 15	W	Poverty Care (Child Investments)		(Outline Deadline)
		<b>Funding the Gov't: Taxation</b>		
Mar 20	M	Taxation: Background/Scope	Ch. 18	
Mar 22	W	Taxation: Incidence/Efficiency/Optimality	Ch. 19-20	HW 4
Mar 27	M	Taxation: Labor	Ch. 21	
Mar 29	W	Taxation: Labor	Ch. 21	
Apr 3	M	Taxation: Savings	Ch. 22	
Apr 5	W	Taxation: Wealth/Business	Ch. 23-25	
Apr 10	M	Taxation: Salience/Consumption		
Apr 12	W	Student Presentations		HW 5
Apr 17	M	Student Presentations		(Visiting Scholar Due)
Apr 19	W	Student Presentations/Final Lecture		(Brief Due)
<i>Exam preparation day, April 20</i>				
<b>Apr 24</b>	Mon	<b>Final Exam, 3712 HBL</b>	Mon Apr 24 11AM-2PM	

## PLEASE READ THE FOLLOWING STATEMENTS FROM BYU

While COVID-19 conditions persist and until further notice, students and faculty are required to wear masks at all times during class; faculty are not at liberty to waive this expectation. Students who feel sick, including exhibiting symptoms commonly associated with COVID-19 (fever; cough; shortness of breath/difficulty breathing; chills; muscle pain; sore throat; new loss of taste or smell; etc.) should not attend class and should work with their instructor to develop a study plan for the duration of the illness.

In keeping with the principles of the BYU Honor Code, students are expected to be honest in all of their academic work. Academic honesty means, most fundamentally, that any work you present as your own must in fact be your own work and not that of another. Violations of this principle may result in a failing grade in the course and additional disciplinary action by the university. Students are also expected to adhere to the Dress and Grooming Standards. Adherence demonstrates respect for yourself and others and ensures an effective learning and working environment. It is the university's expectation, and my own expectation in class, that each student will abide by all Honor Code standards. Please call the Honor Code Office at 422-2847 if you have questions about those standards.

As required by Title IX of the Education Amendments of 1972, the university prohibits sex discrimination against any participant in its education programs or activities. Title IX also prohibits sexual harassment—including sexual violence—committed by or against students, university employees, and visitors to campus. As outlined in university policy, sexual harassment, dating violence, domestic violence, sexual assault, and stalking are considered forms of “Sexual Misconduct” prohibited by the university.

University policy requires any university employee in a teaching, managerial, or supervisory role to report incidents of Sexual Misconduct that come to their attention through various forms including face-to-face conversation, a written class assignment or paper, class discussion, email, text, or social media post. If you encounter Sexual Misconduct, please contact the Title IX Coordinator at [t9coordinator@byu.edu](mailto:t9coordinator@byu.edu) or 801-422-2130 or Ethics Point at <https://titleix.byu.edu/report-concern> or 1-888-238-1062 (24-hours). Additional information about Title IX and resources available to you can be found at [titleix.byu.edu](https://titleix.byu.edu).

Brigham Young University is committed to providing a working and learning atmosphere that reasonably accommodates qualified persons with disabilities. If you have any disability that may impair your ability to complete this course successfully, please contact the University Accessibility Center (UAC), 1520 WSC, (801) 422-2767. It is the student's obligation to request academic adjustments to accommodate a disability and to assist the university through an interactive process to identify appropriate and effective academic accommodations. Disabled students needing and desiring an accommodation in the classroom or other school-related activity should contact the University Accessibility Center. UAC personnel will document the disability and determine appropriate accommodations.

**FHSS Diversity and Inclusion Syllabus Statement.** In the College of Family, Home, and Social Sciences, our classroom participation and behavior are guided by our mission statement<sup>1</sup>, the BYU honor code<sup>2</sup>, and principles of Christian discipleship<sup>3</sup>. It is imperative that we value and respect every person as a child of Heavenly Parents who has divine worth. Consequently, we need to take steps to listen to, learn from, and love one another by striving to consider thoughtfully the opinions of others and use language that is polite, considerate, and courteous even when we strongly disagree. It is essential to create an educational environment that ensures “the gift of personal dignity for every child of God”<sup>4</sup>. This includes embracing one another compassionately and “eliminat[ing] any prejudice, including racism, sexism, and nationalism”<sup>5</sup>. . . regardless of age, personal circumstances, gender, sexual orientation, or other unique challenges.”<sup>6</sup> It is vital to delight in individuality and welcome diverse perspectives and experiences as we “work tirelessly to build bridges of understanding rather than creating walls of segregation.”<sup>7</sup> To accomplish these goals we seek unity in higher principles of equity, charity, collaboration, and inclusiveness in order to build an environment in which all students, faculty, and staff can participate in, contribute to, and benefit equally from the academic community.

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<sup>1</sup>“provide an education that helps students become informed citizens and thoughtful leaders who make the communities and families in which we live more just, equitable, and happy.”

<sup>2</sup>“[we live] in accordance with the principles of the gospel of Jesus Christ and strive to maintain the highest standards in [our] personal conduct regarding honor, integrity, morality, and consideration of others.”

<sup>3</sup>“The Creator of us all calls on each of us to abandon attitudes of prejudice against any group of God’s children.” President Russell M. Nelson, News Release, 2020; “he inviteth them all to come unto him and partake of his goodness; and he denieth none that come unto him, black and white, bond and free, male and female; and he remembereth the heathen; and all are alike unto God, both Jew and Gentile.” (2 Nephi 26:33)

<sup>4</sup>Elder Jeffrey R. Holland, “A Perfect Brightness of Hope”, April, 2020

<sup>5</sup>Elder M. Russell Ballard, “The Trek Continues”, October, 2017

<sup>6</sup>President Russell M. Nelson, “The Love and Laws of God”, September, 2019

<sup>7</sup>President Russell M. Nelson, “The Love and Laws of God”, September, 2019