Public Economics
ECON 435/535
4 Credits
TR 12:00 PM-1:50 PM

Instructor:
Paul Thompson
Office: 309 Ballard Ext Hall
Office Hours: TR 2:00-3:00 or by appointment
Course Website: On Canvas
E-mail: paul.thompson@oregonstate.edu
Office Phone: 541-737-8185

Textbook and Readings:

Double starred readings are compulsory for all students. In addition to double starred readings, ECON 535 students are expected to read at least one supplementary article per class.

Course Description: Composition and growth of government spending; theory of public expenditure; analysis of public expenditure programs; benefit-cost analysis; theory and practice of taxation; analysis of local, state, and federal taxes; government borrowing and fees; current issues in tax and expenditure policy. PREREQS: ECON 311 or ECON 411.

Course Credits: This is a four-credit course and students should expect to devote approximately 100 hours to instruction time, reading materials, and assignments.

Student Learning Outcomes: By the end of the course, you should be able to:

1. Explain underlying theories of public economics and the analytical methods used to apply them to public policy research

2. Identify the recent economic research in the field of public economics

3. Assess the costs and benefits of public projects and analyze alternative approaches

4. Explain the efficiency and equity motivations for various social spending programs and taxation.

Additional Learning Outcomes for 535 students: By the end of the course, you should:

1. Understand and convey advanced theoretical arguments and methodological techniques used in leading economic journals

2. Critique current research analyzing the influence of public programs on public welfare and human behavior.
**Problem Sets:** I will post ungraded problem sets that will help guide you to the types of problems that will be found in the exams. Although these problem sets are ungraded, I encourage you to work through the problems as they will greatly benefit you for the exams. I also encourage you to get together in groups to work on these problems and discuss concepts learned in lecture.

**Exams:** There will be three exams, two midterms (October 15, November 10) and one comprehensive final exam (TBA). Exams for undergraduates will consist of multiple choice, matching, short-answer and short essay questions. Exams for graduate students will consist of only short-answer and long-answer essay questions. Graduate students will be required to be familiar with single starred readings and some of the supplementary readings for exams. Make-up exams will not be given for any reason. If you miss either midterm, the percentage from the midterm will be applied to the final exam. In compliance with university policy, if you miss the final without my approval, you will receive a score of zero on the final.

**Article Peer Review:** Graduate students are responsible for reviewing one of the academic papers in the supplementary reading list - these articles will be assigned to students on a first-come first-serve basis on the first day of class. The due date is November 19th, the Thursday of Week 8. In a 1,200 word (maximum) essay, you must provide the following: 1.) a brief summary of the paper and its contribution to the field (include gaps within the literature if relevant); 2.) a summary of the modeling/methods used; and 3.) a critique of the methods used (i.e. what are the shortcomings, advantages for using the particular methods the authors did). Responses to the third point will be most important for securing a quality grade on this assignment. A reiteration of what was discussed in lecture will result in a maximum possible grade of 75%.

**Article Presentation:** Graduate students are also responsible for presenting a (second) academic paper in the supplementary reading list, or a piece of their own research relating to a lecture topic, to be approved by the professor. Presentations must be no longer than 12 minutes (points will be deducted for going over time) and must include the following: 1) A summary of the research question and why it is important; 2) how the authors approached the research question, theoretically and/or methodologically; 3) the author(s)’ results, and; 4) implications for the concepts/theories discussed in class. Students will present their chosen article on the date that the topic is covered in lecture.

**Assessment of Outcomes: ECON 435**

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<td>Midterm #2</td>
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<td>Final Exam</td>
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**Assessment of Outcomes: ECON 535**

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<td>Final Exam</td>
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Class Conduct: I will conduct class in a relaxed way, but here are some guidelines about what I consider appropriate behavior:

- If you must arrive to class a few minutes late, please enter quietly in an effort to minimize disturbances for other students. If you must leave early, please let me know prior to class. I encourage those who need to leave early to sit close to the door so as to minimize disruptions.

- While eating and drinking is allowed during class, please make sure that your doing so does not disrupt others.

- Please keep cell phone use to a minimum. If you need to make a call, please leave the room quietly as to not disrupt the lecture.

- If you cannot make it to class for any reason, make sure that you get the lecture notes from one of your classmates.

- If you make an appointment with me, keep it, or at least notify me as soon as possible that you cannot make it.

Expectations for Student Conduct: Student conduct is governed by the university’s policies, as explained in the Student Conduct Code.

Disrespectful behavior: Disrespectful behavior towards students on grounds of race, gender, economic background, age, sexual orientation, religion, or any other factors which individuals have no choice or are irrelevant to the class will not be tolerated. Disrespectful behavior can result in course expulsion. For more information on the university’s policy regarding Student Conduct and Community Standards.

Academic Integrity: Students are expected to comply with all regulations pertaining to academic honesty. For further information, visit Academic Integrity for Students, or contact the office of Student Conduct and Mediation at 541-737-3656.

Safe Assign Plagiarism Prevention: Your instructor may ask you to submit one or more of your writings to Canvas’s SafeAssign plagiarism prevention service. For further information, visit SafeAssign – What is it?
**Statement Regarding Students with Disabilities:** Oregon State University is committed to student success; however, we do not require students to use accommodations nor will we provide them unless they are requested by the student. The student, as a legal adult, is responsible to request appropriate accommodations. The student must take the lead in applying to Disability Access Services (DAS) and submit requests for accommodations each term through DAS Online. OSU students apply to DAS and request accommodations at our [Getting Started with DAS](#) page.

**Diversity Statement:** Oregon State University strives to create an affirming climate for all students including underrepresented and marginalized individuals and groups. Diversity encompasses differences in age, color, ethnicity, national origin, gender, physical or mental ability, religion, socioeconomic background, veteran status, sexual orientation, and marginalized groups. We believe diversity is the synergy, connection, acceptance, and mutual learning fostered by the interaction of different human characteristics.

**Religious Holidays:** Oregon State University strives to respect all religious practices. If you have religious holidays that are in conflict with any of the requirements of this class, please see me immediately so that we can make alternative arrangements.

**Course Schedule:**

- **Sept. 24:** Introduction - The role of the state within the economy  
  – Gruber, Ch. 1**

- **Sept. 29:** Theoretical tools of public finance  
  – Gruber, Ch. 2 and Ch. 2 Appendix**

- **Oct. 1:** Empirical tools of public finance  
  – Gruber, Ch. 3**

- **Oct. 6:** Benefit-Cost Analysis  
  – Gruber, Ch. 8**  
  – Supplementary Articles

- **Oct. 8:** Government Budgets and Deficits
– Gruber, Ch. 4**


• Oct. 13: Political Economy

– Gruber, Ch. 9**

– Supplementary Articles


• Oct. 15: FIRST MID-TERM EXAM

• Oct. 20: Externalities

– Gruber, Ch. 5**

– Gruber Ch. 6**

– Supplementary Articles


• Oct. 22: Public Goods

– Gruber, Ch. 7**

– Supplementary Articles


• Oct. 27: State and Local Government Expenditures
  – Gruber, Ch. 10**
  – Supplementary Articles

• Oct. 29: Education
  – Gruber, Ch. 11**
  – Supplementary Articles

• Nov. 3: Social Insurance and Social Security
  – Gruber, Ch. 13**
  – Supplementary Articles

• Nov. 5: Health Care and Health Insurance
  – Gruber, Ch. 15**
  – Supplementary Articles


- Nov. 10: SECOND MID-TERM EXAM
- Nov. 12: Health Care and Health Insurance (continued)
  - Gruber, Ch. 16**
  - Supplementary Articles

- Nov. 17: Income Distribution and Taxation
  - Gruber, Ch. 18 (Sec. 1-5)**
  - Supplementary Articles

- Nov. 19: Welfare Programs
  - Gruber, Ch. 17**
  - Supplementary Articles

- Nov. 24: Income Taxation and Labor Supply
– Gruber, Ch. 20 (Sec. 3)**
– Gruber, Ch. 21**

– Supplementary Articles


• Nov. 26: NO CLASS - THANKSGIVING
• Dec. 1: Optimal Commodity Tax
  – Gruber, Ch. 19 (Sec. 1-3)**
  – Gruber, Ch. 20 (Sec. 1-2)**
  – Supplementary Articles


• Dec. 3: Corporate Taxes, Taxes on Savings
  – Gruber, Ch. 24**

• TBA FINAL EXAM - Time TBA