

Arizona State University  
W.P. Carey School of Business  
Department of Economics  
**ECN-441: Public Economics – Spring 2023**

**Instructor:** Spencer Perry  
**Email:** [REDACTED]  
**TA:** [REDACTED]  
**TA Email:** [REDACTED]  
**Lecture time:** T,Th: 1:30PM - 2:45PM. In person, BA 353.  
**Office hours:** W,Th: 10:00AM-12:00PM [or by appointment]  
**Office:** Creativity Commons Building, 415K.

### **Course Description and Goals**

This course presents an in-depth look at some of the central issues of public economics with an emphasis on using the tools of microeconomics to better evaluate public policies. Our guiding questions are: When should the government intervene in the economy? How might the government intervene? And, what are the effects of those interventions on economic outcomes? Applications include environmental regulation, education and school choice, health insurance provision, and taxation.

### **Course Objectives**

This course has four primary goals:

1. To provide an introduction to the field of public economics. Specifically, we will cover four main topics in depth: using various tools to judge market outcomes, market failures (externalities and public goods), social insurance and redistribution, and tax incidence.
2. To develop and strengthen your oral and written communication skills. I will ask you to do a fair amount of writing and I will encourage you to speak in class.
3. To give you a better understanding of the difficulties economists face as they try to evaluate market outcomes and suggest policy solutions.
4. To strengthen the “economics toolkit” that you have developed in previous courses and learn to apply those tools to answer real world problems related to public finance and public policy.

### **W.P. Carey School of Business Learning Goals**

The Undergraduate Program of the W.P. Carey School of Business has established the following learning goals for its graduates (items in bold have significant coverage in this course):

1. **Critical Thinking**
2. **Communication**
3. **Discipline Specific Knowledge**
4. **Ethical Awareness and Reasoning**
5. Global Awareness

## Grading Policy and Assignments

Guidelines for the grading criteria are as follows:

Criterion	Percentage of final grade
4 in-class exams	50%
4 problem sets	15%
Market failure paper	25%
Class participation	10%
<b>Final grade</b>	<b>100%</b>

### Exams:

- We'll have 4 non-cumulative in-class tests. **If you complete all four exams**, only the 3 top scores will count towards the final grade – each with a 20% weight in the final grade.
- **There will be no make-up dates for the exams. Missing an exam is only allowed in cases of documented illness or emergency.** If you miss an exam due to documented illness or emergency, all your exam grade weight will be put on the exams you do take.
- **If you miss an exam and do not document an illness or emergency**, your overall exam grade will be based on:

$$\frac{1}{4} \times 0 + \frac{1}{4} \left( \sum_{i=1}^3 score_i \right)$$

- **Tentative** test dates are:
  1. Exam 1: Feb 2<sup>nd</sup>
  2. Exam 2: Feb 23<sup>rd</sup>
  3. Exam 3: Mar 30<sup>th</sup>
  4. Exam 4: Final Exam period

### Problem Sets:

- Each exam will have an associated problem set which will be due roughly a week before the associated exam. **All problem sets count towards your final grade**, regardless of if you drop the associated exam.
- **Tentative** due dates are:
  1. Problem Set 1: Jan 24<sup>th</sup>
  2. Problem Set 2: Feb 16<sup>th</sup>
  3. Problem Set 3: Mar 23<sup>rd</sup>
  4. Problem Set 4: Apr 28<sup>th</sup>

## Market failure paper:

- A key aim of public economics is to identify market failures and provide efficiency enhancing policy prescriptions. Throughout the second half of the course, I will ask you to identify a market failure in your everyday life and to use the tools we cover in class to describe the market failure and to propose and evaluate possible corrective policies. **I will allow you to work in groups of two on this project.**
- I will hand out a more detailed description of this project in the first couple weeks of class, but the grading of the paper will be broken down into two separate assignments:
  1. **A proposal due March 3<sup>rd</sup>** that makes up 20% of the paper grade (5% of your final grade).
  2. **The final paper due May 5<sup>th</sup>** that makes up the remaining 80% of the paper grade (20% of your final grade).
- If you turn in either assignment late, you will automatically lose 10 points (out of 100) for the assignment for each day past the due date. **Any papers turned in after 11:59 PM (Arizona time) Sunday, May 7<sup>th</sup> will receive no credit.**
- If you think you will need an extension on either due date, please reach out to me far in advance. Except in the case of extraordinary circumstances (death in the family, serious documented illness, or injury) I do not grant extensions to individuals. However, I may grant extensions to the *entire class* if it seems appropriate. Extensions **must** be agreed upon before the original due date.

## Class participation:

- For each class, I will ask you to prepare either a discussion question related to a short reading, or a short response (2-5 sentences) to the following questions:
  1. What was one thing we covered in the previous lecture that you struggled to understand?
  2. If you understood everything from the previous lecture, what is one thing we covered last class that you found interesting?
- If I am asking you to respond to the above prompt (rather than discussion questions for a reading), you **must** turn in your responses at the beginning of each class to receive credit. You will not have to prepare responses to the above prompt on test days.
- In addition to preparing these responses, earning the full 10% of class participation requires active engagement from the student's end on in-class discussion.
- **Skipping classes on a regular basis will lead to 0% in "Class participation"**— so please let me know in advance if you'll have trouble attending any class sessions.

## Final Grade:

Students can also use the following table for purposes grading scale specifications for this course.

Percentage of final grade	Final letter grade
More than 97%	A+
93% to less than 97%	A
90% to less than 93%	A-
87% to less than 90%	B+
83% to less than 87%	B
80% to less than 83%	B-
75% to less than 80%	C+
70% to less than 75%	C
60% to less than 70%	D
Less than 60%	E

## Course Materials

### Canvas materials:

- As the course progresses, practice problem sets will be made available on the Canvas page. These problems constitute a central part of the course; they develop some important – and test-relevant! – ideas that are not presented elsewhere in the notes or in class. Therefore, even though they will not count towards course grading, everyone should work through all of these problems. You may want to work on them under time pressure. That way, you will know if you are ready for a test.
- Any outside readings (articles in academic journals or in the popular press) will be posted on the Canvas page.

### Additional materials:

Though not required, the following text is excellent:

Jonathan Gruber. *Public Finance and Public Policy*. 4<sup>th</sup>-7<sup>th</sup> Edition.

If you do not want to purchase the book, but are interested in looking through it, I will a copy of both the 4<sup>th</sup> and 7<sup>th</sup> editions available in my office hours.

## Course Overview (Subject to Change)

Week	Dates	Topic	Assignments	Notes
1	Jan 9 - Jan 13	Why study Public Economics?		Add/Drop deadline (Jan 15)
2	Jan 16 - Jan 20	The tools of Public Economics		
3	Jan 23 - Jan 27	When markets fail I: Externalities	Problem set 1 (Jan. 24)	
4	Jan 30 - Feb 3	When markets fail I: Externalities, contd.	Exam 1 (Feb. 2)	
5	Feb 6 - Feb 10	When markets fail II: Public Goods		
6	Feb 13 - Feb 17	Political Economy	Problem set 2 (Feb. 16)	
7	Feb 20 - Feb 24	Cost-Benefit Analysis	Exam 2 (Feb. 23)	
8	Feb 27 - Mar 3	Local Expenditures	Market Failure Proposal due: <b>Fri, Mar. 3 11:59PM</b>	
9	Mar 6 - Mar 10	No class		Spring Break (No classes)
10	Mar 13 - Mar 17	Education		
11	Mar 20 - Mar 24	Introduction to Insurance	Problem set 3 (Mar. 23)	
12	Mar 27 - Mar 31	When markets fail III: Asymmetric Information	Exam 3 (Mar. 30)	Course withdrawal deadline (Apr. 2)
13	Apr 3 - Apr 7	Topics in Social Insurance		
14	Apr 10 - Apr 14	Topics in Social Insurance contd.		
15	Apr 17 - Apr 21	Topics in Taxation		
16	Apr 24 - Apr 28	Topics in Taxation contd.	Problem set 4 (Apr. 28)	Complete withdrawal deadline (Apr. 28)
17	May 1 - May 5	No class	Exam 4 (TBD) and Market Failure Paper due: <b>Friday, May 5 at 11:59PM</b>	

## Academic Integrity and Ethical Behavior

The W. P. Carey School takes academic integrity very seriously. Therefore, unless otherwise specified, it is imperative that you do your own work. Any suspected violations of academic integrity will be taken seriously and result in the following sanctions:

- A minimum of zero on the assignment AND
- A reduced grade in the course OR
- A failure in the course OR
- An XE which denotes failure due to academic dishonesty on the transcript OR
- Removal from the W. P. Carey School of Business

Additional information on ASU's academic integrity policy may be found at  
<http://provost.asu.edu/academicintegrity>

## **Student Accessibility and Inclusive Learning Services (SAILS)**

If you need an accommodation for a disability, you must register with Student Accessibility and Inclusive Learning Services (formerly called the DRC). <https://eoss.asu.edu/drc>

In alignment with ASU's Charter to be "measured not by whom it excludes, but by whom it includes and how they succeed," the new title (announced in August 2020) represents the office's mission of ensuring that every program, service, event and experience at the university is fully accessible and inclusive to all students, not just those who identify as having a disability.

## **Instructor Absence Policy**

If I am not in class at the beginning of the class period and I have not sent out either an email or announcement on Canvas ahead of time, I request that you wait at least 15 minutes for me to arrive. If I am not in class by 15 minutes after the beginning of the class period, you are welcome to leave.

## **Additional Policies**

Several important W. P. Carey and ASU Policies [for the course can we be found here](#), including: Honor Code and Professionalism Policy; Prohibition Against Discrimination, Harassment, and Retaliation; Religious Accommodations; University-Sanctioned Activities; Tutoring Support; Threatening Behavior Policy; Disability Accommodations; Offensive Material; and Copyright Material.

**Information contained within this syllabus (except grading and absence policies) is subject to change.**