

San José State University
College of Social Sciences / Department of Economics
Economics 232-01, Seminar in Public Finance

Course No. 43078, Fall 2018, Aug. 22 - Dec. 12

Instructor:	Fred Foldvary
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Office Hours:	Mondays & Wednesdays 1:30-2:30 PM
Class Days/Time:	Wednesdays 6:30 - 9:15 PM
Classroom:	DMH 166
Prerequisites:	Instructor consent.

Class Web Resources

The class will use the Canvas class system.

Links to course materials such as the syllabus, readings, and assignments are on the class web page at <http://www.foldvary.net/econ232.html>

Course Description

The public sector. Determination of objectives of the public sector; pricing and output in the public sector; taxes, their distribution and allocative effects; public expenditure theory; public debt theory and policy.

Public Finance involves government revenue (taxes and debt) and spending, and their effects. Public finance is treated broadly to also analyze the revenues and spending for public goods by homeowner associations and other private-sector communities.

Course Learning Objectives

Upon successful completion of this course, students will be able to:

Understand the theory of public finance and the basic facts of U.S. public finance at a deep enough level to enable one to teach undergraduate public finance and explain public finance concepts to the public.

Course Content Learning Outcomes

Upon successful completion of this course, students will be able to:

Be able to conduct scholarly research in public finance.

Develop analytical skills and understanding in applying economics to public finance.

Develop scholarly writing and presentation skills.

Required Texts/Readings

Textbook

John Anderson. *Public Finance*, 2nd edition. (New York: Cengage, 2012). (ISBN-13: 9780538478441). It is available new and used at the bookstore.

Note: You may find it less expensive to use "Cengage Unlimited" at \$120 per semester or \$180 per year for digital materials.

Colin Read, *The Public Financiers*. (Palgrave Macmillan, 2016).

Other Readings

The other readings are linked on the class web site and are also indicated in the syllabus schedule below.

Classroom Protocol

1. In class, turn off cell phones, pagers, and other noisy electronic devices. Laptop computers and cell phones are not allowed in class.
2. For exams, plain calculators are permitted, but avoid using devices that can communicate with others.
3. All problem sets and the research project have to be submitted on paper, not as email attachments. This includes late submissions. Please do not send me any attachments.
4. Put "Econ 232" on the subject line when you send me an email message.

Please arrive on time. We will conduct this class as a graduate seminar. Rather than only listening to lectures, students should be prepared to discuss the

assigned readings for each session. There will be a break around the midpoint of the class time.

Dropping and Adding

Students are responsible for understanding the policies and procedures about add/drop, grade forgiveness, etc. Refer to the current semester's [Catalog Policies](http://info.sjsu.edu/static/catalog/policies.html) section at <http://info.sjsu.edu/static/catalog/policies.html>. Add/drop deadlines can be found on the [current academic calendar](http://www.sjsu.edu/academic_programs/calendars/academic_calendar/) web page located at http://www.sjsu.edu/academic_programs/calendars/academic_calendar/. The [Late Drop Policy](http://www.sjsu.edu/aars/policies/latedrops/policy/) is available at <http://www.sjsu.edu/aars/policies/latedrops/policy/>. Students should be aware of the current deadlines and penalties for dropping classes.

Information about the latest changes and news is available at the [Advising Hub](http://www.sjsu.edu/advising/) at <http://www.sjsu.edu/advising/>.

Assignments and Grading Policy

Grading:

Your grade in this course will be based on the following categories:

Written assignments	25%
Research Project	20%
Midterm exam	30%
Final exam	25%

Corresponding letter grades will be assigned as follows:

97-100%...A+	87-89%...B+	77-79%...C+	67-69%...D+	
93-96%...A	83-86%...B	73-76%...C	63-66%...D	
90-92%...A-	80-82%...B-	70-72%...C-	60-62%...D-	0-59%...F.

Assignments submitted one week late will have a grade deduction of 20 percent. No credit is provided for any later submissions. All written assignments must be turned in on paper; no email attachments. If you cannot be in class to turn in a written assignment, finish it early and arrange to have it delivered to me.

Research project.

Choose a topic in public finance. The project will be due and graded in two stages as indicated in the schedule.

University Policies

Academic integrity

Your commitment as a student to learning is evidenced by your enrollment at San Jose State University. The [University's Academic Integrity policy](http://www.sjsu.edu/senate/S07-2.htm), located at <http://www.sjsu.edu/senate/S07-2.htm>, requires you to be honest in all your academic course work. Faculty members are required to report all infractions to the office of Student Conduct and Ethical Development.

The [Student Conduct and Ethical Development website](http://www.sjsu.edu/studentconduct/) is available at <http://www.sjsu.edu/studentconduct/>.

Instances of academic dishonesty will not be tolerated. Cheating on exams or plagiarism (presenting the work of another as your own, or the use of another person's ideas without giving proper credit) will result in a failing grade and sanctions by the University. For this class, all assignments are to be completed by the individual student unless otherwise specified. If you would like to include your assignment or any material you have submitted, or plan to submit for another class, please note that SJSU's Academic Policy S07-2 requires approval of instructors.

Campus Policy in Compliance with the American Disabilities Act

If you need course adaptations or accommodations because of a disability, or if you need to make special arrangements in case the building must be evacuated, please make an appointment with me as soon as possible, or see me during office hours. Presidential Directive 97-03 requires that students with disabilities requesting accommodations must register with the [Disability Resource Center](http://www.drc.sjsu.edu/) (DRC) at <http://www.drc.sjsu.edu/> to establish a record of their disability.

Economics 232, Seminar in Public Finance Fall 2018

Students should come to class prepared for a discussion of every assigned reading that week. The schedule is approximate, as sometimes a topic will be continued next week. Changes will be announced by e-mail and in class.

Week	Topic	Readings (see class web site for links)
1: (08-22)	The incidence of taxes.	http://www.foldvary.net/ec232/pf01incid.html
2: (08-29)	Land-value taxation.	Economist magazine on property taxes. Foldvary, Ultimate Tax Reform and Geo-Rent Gaffney on Detroit. Taxation in Estonia. Terry Dwyer on measuring Australia's rent Dye and England, Land Value Taxation
3: (09-05)	The governmental sector; methods.	Anderson: chapters 1 - 2 Financiers 1-4 Ricardo
4: (09-12)	Public Goods, Externalities.	Anderson: chapters 3-4, Foldvary "Green Tax Shift" and "Lighthouse." Coase on the Lighthouse. Carbon taxes and trading. Parry, carbon abatement. Cost of regulation.
5: (09-19)	Externalities cont.; Transfers; Public choice	Anderson: chapters 5-6. Financiers 5-8 Demand Revelation. Cowen, rent seeking
6: (09-26)	Cost-benefit, Production of Public Goods.	Anderson: chapters 7 – 8 Financiers 9-12
7: (10-03)	----- Private communities	----- Foldvary, <i>Public Goods and Private Communities</i> . Chapters 3, 8, 10.
8: (10-10)	Social insurance; Tax structure	Anderson: chapters 9 – 10 Financiers 13-16
9: (10-17)	Excess burdens, incentive effects	Anderson: chapters 11 - 12. Cowen, Poterba, Mason Gaffney, "Gains from Untaxing ...", Heins on Harberger. Tideman, Avoidable excess burden. Charles Stuart, "Welfare Costs."
10: (10-24)	Equity in public finance. Personal income tax.	Anderson: chapters 13 - 14. Jensen on 16th Amendment. California's business exodus. Financiers 17-24
11:(10-31)	<i>Midterm</i> Corporate income tax.	Anderson: chapter 15 http://taxfoundation.org/article/corporate-income-tax-rates-around-world-2014
12: (11-07)	Sales taxes and VAT. Property taxes.	Anderson: chapters 16 - 17. Gaffney: sales tax history. Holcombe and Gaffney on VAT. Hotel tax. Poterba on excise taxes. IMF paper on property taxes. <i>First draft of term papers are due.</i>
13: (11-14)	Budgets and debt. Multilevel finances	Anderson: chapters 18 - 19 Financiers 25-34
14: (11-21)	Local government.	Anderson: chapters 20 - 21. Financiers 35-42, Sec. 5.

	Policy analysis.	HG theorem. Free the World, economic freedom. Final drafts of project papers are due.
15: (12-05)	Student presentations.	And review.

Final exam: Wednesday, December 12. 19:45 – 22:00 (7:45 - 10:00 pm)
<http://info.sjsu.edu/static/catalog/final-exam-schedule-fall.html>