

PUBLIC ECONOMICS: ECONOMICS OF THE GOVERNMENT SECTOR: ECON 4211-001  
Department of Economics, University of Colorado  
Spring 2017

Classtime: M,W,F: 11 am - noon. Lecture Room: HLMS 211  
Professor: Charles de Bartolome Office: ECON 203  
Office hours: Mon 1:50 - 2:50 pm; Thurs 9:15-10:15 am e-mail: debartol@colorado.edu

**Textbook** Harvey S. Rosen and Ted Gayer: *Public Finance* (9<sup>th</sup> edition). McGraw-Hill Irwin.

**Clickers** The class uses i>clickers. If you do not already own one, an i>clicker may be purchased at the University of Colorado bookstore. Clickers will be used to give class problems which will be scored.

Clickers must be registered at: <https://myCUinfo.colorado.edu> .

Register using your Identity Lock. A fee for the clicker may be justified if it redistributes


resources from rich to poor families. The course discusses how the design of a program is determined by the legislators' objectives and by the extent to which voters are informed. In addition to discussing the justification and design of a government program, the course discusses the financing of the program and the design of the tax structure.

**Pre-requisites:**

Intermediate Microeconomics, ECON 3070;  
Introduction to Statistics with Computer Applications, ECON 3818.

## Course Assignments and Desire2Learn

All course assignments, problem sets and some lecture notes are posted on Desire2Learn which may be accessed at <http://learn.colorado.edu> .

Please note that six pages of each Adobe Acrobat file can be printed on a single sheet by clicking as: download >  > downloads > show in folder > open highlighted file by clicking on it > print > landscape > multiple > 2 x 3

## Attendance at class

Woody Allen once remarked: "90% of success is just turning up". The best way to learn the material is to attend class. Reading the lecture notes posted on the web is not a good substitute for attendance. Attendance at class is expected and required.

## Administrative Drop:

Because attendance is important and is expected, I will drop from the class any student who does not attend two of the first three classes of the term nor gets special permission from me for his/her absence.

## Problem Sets

Problem sets for each topic are listed in the Course Outline. The problems with answers at the back are posted for each topic. The problem sets are an integral part of the course. They are designed to help you use the material and a significant part of the exams will loosely follow their format.

In addition, there are many questions at the end of each chapter in the textbook. I encourage you to work through the questions which relate to the material covered in class (I will post a list of these questions on Desire2Learn).

## Use of clickers:

Clickers will be used near the end of most classes to reinforce the main point of the lecture.

## Grading

There will be a midterm exam, a paper and a final exam. The student's grade will be determined as:

- 41% Midterm,
- 10% Paper
- 41% Final
- 8%. In-class clicker questions

Concerning in-class clicker questions. Each correct answer will receive 1 point, and an absence or an incorrect answer will receive zero points. In calculating your total score for all in-class clicker questions, I will sum your scores for all days, omitting your three lowest daily scores.

#### Paper timeliness

It is important that the paper is handed in on the date due (to be announced). If the paper is not handed in by the date due, your maximum score for the paper will be lowered from 10 to 5 points. If the paper is not handed in by the day of the exam, your score for the paper will be 0.

### Failure to be present at an exam

If you are unable to take an exam because of illness and have a medical note from your doctor to confirm this, you may take a make-up. Otherwise, unless you have obtained my prior permission to take the make-up, failure to be present for an exam will cause your score to be 0 for that exam.

### Using Clickers

I consider it cheating if a student uses another student's clicker.

You get a green light when your answer is registered. If you get a red light, your clicker is not registering and your score is automatically zero.

### Classroom courtesy:

Please turn your cell 'phone off prior to the start of class.

I believe that learning is enhanced if there is full concentration by both the

## Classroom Behavior

Students and faculty each have responsibility for maintaining an appropriate learning environment. Students who fail to adhere to such behavioral standards may be subject to discipline. Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, color, culture, religion, creed, politics, veteran's status, sexual orientation, gender, gender identity and gender expression, age, disability, and nationalities. Class rosters are provided to the instructor with the student's legal name. I will gladly honor your request to address you by an alternate name or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records. See policies at <http://www.colorado.edu/policies/student-classroom-and-course-related-behavior>  
And at:  
<http://www.colorado.edu/studentaffairs/studentconduct/index.html>

## Academic Integrity

All students of the University of Colorado at Boulder are responsible for knowing and adhering to the academic integrity policy of this institution. Violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, lying, bribery, and threatening behavior. All incidents of academic misconduct shall be reported to the Honor Code Council ( [honor@colorado.edu](mailto:honor@colorado.edu) ; 303-735-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and non-academic sanctions (including but not limited to university probation, suspension, and



## COURSE OUTL

### 3. MARKET FAILURE: PUBLIC GOODS

1, 3, 6, 8, 10, 13 Feb	<p><b>PUBLIC GOODS</b></p> <p>Non-rivalness and non-excludability.          Efficient provision.          Free-rider problem.          Public vs. private provision.</p> <p><b>Problem Set</b> Why the lights don't get turned off after class.  <b>Problem Set</b> Non-excludable public good.  <b>Problem Set</b> Excludable public good.</p>	4
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### 4. GOVERNMENT FAILURE: PUBLIC DECISION-MAKING

15, 17, 20, 22, 24 Feb	<p><b>PUBLIC DECISION-MAKING</b></p> <p>Normative: Benefit-cost analysis          Positive:          Informed voters:              - majority voting - median voter theorem.              - cycling.</p> <p><b>Problem Set</b> Benefit-Cost Analysis.  <b>Problem Set</b> Voting  <b>Problem Set</b> Cycling.  <b>Problem Set</b> More than two alternatives</p>	8 6
27 Feb	<p><b>REVIEW</b></p> <p><b>MIDTERM</b> (7:00 - 9:00 p.m. in )</p>	
1, 3, 6 Mar	<p><b>PUBLIC DECISION-MAKING (cont)</b></p> <p>Other methods of making public decisions          Arrow impossibility theorem.          Uninformed voters:              - the iron triangle.</p>	





Problem Set Tax or deficit financing.  
 Problem Set Bonds crowd out capital  
 Problem Set Social security and savings.  
 Problem Set Demographic issues

19, 21, 24, 26 Apr TAXATION: PRODUCT AND INCOME TAXES 15  
 Do sales taxes reduce consumption  
 Do labor taxes reduce effort?  
 Do capital taxes reduce savings?  
 Excess Burdens

Problem Set Setting the product tax rate.  
 Problem Set Product tax: excess burden.  
 problem Set Product Tax: short-run and long-run  
 Problem Set Setting the income tax rate.  
 Problem Set Income tax - excess burden.  
 Problem Set Okun's bucket: cost of redistributing income

28 Apr, 1, 3 May TAXATION: NORMATIVE RULES FOR SETTING TAX RATES 16  
 Tax rules  
 Tax reform

Problem Set Tax Reform

5 May REVIEW

7 May FINAL EXAM (7:30 p.m. - 10.00 p.m. in HLMS 211)