

## ECON 132 COURSE SYLLABUS Spring 2011

Economics 132 Section 001  
Public Finance (Public Sector Economics)  
San Jose State University  
Thursdays 6:30-9:15 DMH 166  
Course blog: <http://econ132blog.wordpress.com>

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*My Office Hours:*  
Mondays 10:30 a.m. - 12:00 p.m. and by appointment

### Course Description:

SJSU Catalog Description: Microeconomics of the public sector. Role of government in market systems. Cost-benefit analysis, public choice theory, taxation, fiscal federalism. State and local government sector. Prerequisite: ECON 1B.

Further Description: This class analyzes government from the perspective of economic theory, applying a framework to understand and appreciate the economic, social, and political world. The class is designed to build conversation around a thorough reading list, which we will discuss in traditional lecture and Socratic formats (more details below).

### Learning Objectives:

My goals: to inspire students and to help them develop a deep understanding of governments, markets, and society.

Student goals (learning objectives): to develop and apply knowledge and understanding of the workings of governments and markets. Specifically:

- 1.1. Understanding: Incentives matter (how the economic model of rational behavior explains the formation of and responses to public policies)*
- 1.3. Develop and compare analytical methods of analyzing government, including public interest model, public choice model, and welfare economics*
- 2.1. Application: conduct practical analysis of government policy using economic understanding*

### Course Materials:

There is no required textbook. All course readings are listed in the course schedule below. Students are required to *bring copies of the readings to class*. I will post (accessible) copies of all readings to the course blog on a moving two-week window. I will also occasionally post short articles about current affairs.

### Grading:

Your letter grade will be defined by your numerical grade as follows:

97-100%...A+	87-89%...B+	77-79%...C+	67-69%...D+	
94-96%...A	84-86%...B	74-76%...C	64-66%...D	
90-93%...A-	80-83%...B-	70-73%...C-	60-63%...D-	0-59%...F.

Your numerical grade will break down as follows:

Class participation	15%
Homework problem sets (3 total)	15%
Short Writing Assignment	10%
Midterm Exam	30%
Final Exam	30%

Homework will be problem and essay questions on material we have already covered. Exams will be combination of True/False, Multiple Choice, and Essay questions. I will hand out an exam review sheet at least one week prior to the exams. The Final exam will be about 30% old material (from the Midterm) and the rest new material.

Class participation: 15 percent of your grade is based on your contributions to class discussion. Class discussion takes two forms: traditional lecture and Socratic discussion. Traditional lecture is as it sounds: I lecture, and you respond to my questions and also pose your own questions and comments. The Socratic discussion is different and needs some explanation.

Socratic discussion: On four occasions we will hold a 90-minute Socratic discussion based on assigned readings. Each Socratic session is led by a discussion leader (the “DL,” usually me). The DL’s job is to facilitate the discussion by posing questions that initiate and carry the discourse. The DL keeps a discussion queue so one person speaks at a time. Your job is to get on the discussion queue and contribute to the conversation so as to illuminate and further extend the selected material. I evaluate you based on the quality and quantity of your contributions. I will explain more about the Socratic discussions on day one of the semester.

Class Participation Grading Rubric: Whether lecture or Socratic discussion, I grade your participation with the help of some basic guidelines. These will give you a sense of the expectations for class participation.

Examples of strong remarks:

- Summarize and analyze arguments in the readings
- Pose a new question that explores deeper or broader implications of the readings
- Relate the readings to other works in meaningful ways
- Build on earlier comments to take the discussion into another fruitful direction
- Confront the arguments in the readings with evidence in support or challenge

Examples of weak remarks:

- I liked / didn't like without adequate explanation
- Mere reactions to the readings and to others’ remarks
- Feigning a relation to other works while merely changing the subject
- Saying nothing at all or demonstrating that you did not prepare for the readings

### **Attendance:**

I don’t take attendance but you should consider it mandatory. Skipping class makes you less prepared for homework and exams while directly reducing your class participation points. If you have to miss a class, find out what you missed from the blog and fellow students. Then you need to catch up—*quickly!* The surest way to get a bad grade in any class is to fall behind, and when you skip class you automatically put yourself behind. So don’t skip class.

Come to class on time. Punctuality is not a quaint notion; it signals being prepared, interested, professional, and courteous. If you’re frequently late to class, you’ll get a warning. If you keep coming late I’ll start reducing your class participation and homework scores.

Missing exams is not allowed except (documentation required) for valid medical excuses or a death in your family. You need to let me know ahead of time. No make-ups after the fact.

### **How to get an ‘A’: Stay curious, stay current, and stay connected.**

Stay curious about the world: Economics is about understanding how the social world works. You wouldn’t try to learn how to swim without getting in the water, would you? So jump right in! My teaching website (URL above) has lots of tools for staying current on economics. So check it out and find some resources that you’ll enjoy following regularly (that means every day).

Stay current with the work: Three steps: 1) read before class; 2) take good notes and ask good questions in class; 3) re-write your class notes at least once a week (the greatest study habit ever invented, please take advantage of it).

Stay connected with me: I am your most important resource for doing well in this class. Send me an email if you want, and surely I'll get back to you. But your best bet is to come see me. Drop by during office hours or call my mobile phone (number given above) to set an appointment. Don't wait until it's too late.

More Tips: Make some friends in class. Study together, which helps because it requires you to explain material and concepts to each other. Bring readings with you to class.

### **Ground Rules for Class:**

#### Do's:

Stay **curious**, stay **current**, stay **connected**.

Come to class ready for discussion and bring copies of the readings.

Bring a soft drink if you want, but no food (see below).

Bring your phone or laptop, too. We'll look things up together during class.

Re-write your notes after class— ideally within one day. It's the best study habit ever invented.

#### Don'ts:

No beeping. Bring your phone, but turn off the ringer & buzzer.

No headphones.

No random texting, browsing, or working on other classes. You're either in here or you're not.

No eating in class. Sorry, it has always distracted me.

### **Academic Integrity (this is serious):**

You need to know the SJSU Policy on Academic Dishonesty (<http://www.sjsu.edu/senate/S04-12.pdf>), which includes the following statement:

“Your own commitment to learning, as evidenced by your enrollment at San Jose State University and the University's Academic Integrity Policy requires you to be honest in all your academic course work. Faculty are required to report all infractions to the Office of Judicial Affairs.”

Furthermore, the Department of Economics Academic Fairness Standards states:

“An individual instructor who discovers, or is presented with, conclusive evidence of cheating shall assign a course grade of ‘F’ and inform the Chairperson of the Department of the reasons for the grade and for further disciplinary action.”

Do bear in mind that cheating and plagiarism can occur without the student's knowledge or intent. So be careful! Read the policies and keep them in mind. I'm not at all reluctant to enforce these standards even though doing so can be unpleasant.

### **Registration:**

“Students are responsible for understanding the policies and procedures about add/drops, academic renewal, etc. Information on [add/drops](#) are available at <http://info.sjsu.edu/web-dbgen/narr/soc-fall/rec-298.html>. Information about [late drop](#) is available at <http://www.sjsu.edu/sac/advising/latedrops/policy/>. Students should be aware of the current deadlines and penalties for adding and dropping classes.”

### **Disabilities:**

Presidential Directive 97-03 requires that students with disabilities register with DRC. A student requiring accommodation should make this need known to the instructor during the first two weeks of class. Every reasonable effort will be made to accommodate the student's particular needs.

**COURSE SCHEDULE**

All readings will be posted to the course blog on a moving two-week window. Unexpected things happen, so I'll change the schedule if necessary but only with advance notice to you. I'll also add short articles on current affairs as we go along.

Week	Date	Topic	Readings (to be read before the listed class date)
1	Jan 27	Intermediate microeconomics of taxation	No assigned readings
2	Feb 3	History of ideas: philosophy→political economy→economics→public finance→philosophy	Leighton & Lopez, <i>Madmen</i> , Chs. 1-2 [pdf copy soon] Larry White, <i>Clash</i> <a href="#">Ch.1</a>
3	Feb 10	Comparative institutional analysis	Donald Cox, " <a href="#">Why Economists Should Study Biology</a> " Paul Heyne, " <a href="#">Efficiency</a> " James Buchanan, " <a href="#">What is public choice theory?</a> " Clifford Winston, <i>Mrkt v. Govt Failure</i> , Chs.1-2 (pp.1-12) Short bios of <a href="#">A.C. Pigou</a> , <a href="#">P. Samuelson</a> ,
4	Feb 17	Public goods <u>Homework #1 due</u>	Clifford Winston, <i>Mrkt v. Govt Failure</i> , Ch.5 (pp.61-72) Tyler Cowen, " <a href="#">Public Goods</a> "
5	Feb 24	Public goods (cont.) <u>Socratic #1: Controversy: newspapers</u>	Dixit & Nalebuff, " <a href="#">Game Theory</a> " Elinor Ostrom, <i>Governing the Commons</i> , Ch.1 (pp.1-28)
6	Mar 3	Externality <u>Homework #2 due</u>	Clifford Winston, <i>Mrkt v. Govt Failure</i> , Ch.4 (pp.27-59) Bryan Caplan, " <a href="#">Externalities</a> " John Nye, " <a href="#">The Pigou Problem</a> " Parry & Small, " <a href="#">Response to Nye</a> "
7	Mar 10	Externality (cont.) <u>Socratic #2: Controversy: video games, smoking bans (and other prohibitions)</u>	Greg Mankiw, " <a href="#">Open Invitation to Join Pigou Club</a> " David Haddock, " <a href="#">Irrelevant Externality Angst</a> "
8	Mar 17	Holdouts and takings	Miceli, "Free Rider and Holdout" [pdf copy coming] Bruce Benson, "Myth of the Holdout Problem" Lopez & Totah, " <a href="#">Kelo and its Discontents</a> "
9	Mar 24	<b>MIDTERM EXAM</b>	
10	Mar 31	<b>Spring Break</b>	
11	Apr 7	Macroeconomic policy and the role of economic ideas	<i>Democracy in Deficit</i> , pp.xvii – 37 Short bios of <a href="#">S. Kuznets</a> , <a href="#">J. M. Keynes</a> , and <a href="#">J. Hicks</a>
12	Apr 14	Fiscal Federalism <u>Socratic #3 Controversy: stimulus packages</u>	No assigned readings on fiscal federalism On stimulus, see blog for Pro (Krugman), Moderate (Mankiw), and Anti (Cochrane) arguments
13	Apr 21	Public assistance programs	Leighton & Lopez, <i>Madmen</i> case study on welfare reform Rector & Hederman, " <a href="#">Understanding Income Inequality</a> "
14	Apr 28	Open source platforms as privately provided public goods <u>Homework #3 due</u>	No assigned readings. Guest lecture by Prof. Holian.
15	May 5	Social insurance programs <u>Socratic #4: Controversy: poverty &amp; inequality</u>	No assigned readings on social insurance On inequality: Wilkinson, " <a href="#">Thinking Clearly About Inequality</a> "; Cowen, " <a href="#">The Inequality that Matters</a> " Mankiw, " <a href="#">The half-full glass of income mobility</a> "
16	May 12	Ronald Coase, intellectual maverick Final Exam Review	No assigned readings. We'll watch & discuss a DVD. We'll also review sample questions for final exam.
17	May 19	<b>FINAL EXAM</b>	7:45-10:15 p.m. in our usual classroom
18	May 25	I will post final grades to CMS by midnight.	(Note: this is a Wednesday.)

***Hey! By taking this course you're making an investment in your human capital. Don't waste it!***