Economics 401: Public Finance
San Diego State, Spring, 2014

Dr. Mike Hilmer
Lectures: TR 11:00-12:15, ENS-291
Office Hours: T 8:15-10:45, Th 8:15-9:15 or by appointment
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The textbook is intended as a supplement to and not a substitute for lectures. Homework assignments will be drawn from the text, but there will be material covered in lectures that is not included in the text. In particular, the theory underlying the topics discussed in the readings will be developed during lectures.

Course Description: This is a course in the economics of the public sector. In the United States, the government plays a very large role in the economy. Every year, government spending accounts for approximately 1/3 of total US GDP. As citizens in a democratic country, it is our responsibility to ensure that the government acts properly when deciding how to spend money and raise revenues. To do so, we need to have a firm understanding about the reasons for and the consequences of government actions. In this course, we will study how various government policies and actions affect individual citizens and the economy at large.

The goals for this course are to:

(1) provide you with a firm understanding of the rationale for government activity and of the economic issues underlying the need for and the outcomes of collective decision-making;
(2) provide you with a firm understanding of how the government interacts with the economy so that you can be fully informed when functioning as a citizen of a democracy;
(3) provide you with a firm understanding of how the government affects your daily life.

We will use both theory and applications to study the issues at hand. Given that this is a course in applied microeconomic theory it is important that you have fulfilled the pre-requisites (Economics 101 and 102).

Course Requirements: There will be several homework assignments drawn from the readings in the text, a midterm exams, a team debate, and a cumulative final exam, with points assigned as follows

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Date</th>
<th>Percentage of Grade</th>
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<tbody>
<tr>
<td>Homework Assignments</td>
<td>Due dates announced during semester</td>
<td>20%</td>
</tr>
<tr>
<td>Team Debates</td>
<td>Week of March 10 and Week of April 22</td>
<td>25%</td>
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<tr>
<td>Midterm Exam</td>
<td>Thursday, March 20</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>Tuesday, May 13, 10:30-12:30</td>
<td>30%</td>
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**Exams:**
Exams will be essay in nature and will focus on critical-thinking and problem-solving skills. The final will be cumulative. Both exams will ask questions about the team debates.

**No early or make-up exams will be given.**

Note that the Final Exam is scheduled for **Tuesday, May 13, 10:30-12:30**. Please make end-of-the-semester plans accordingly.

**Team Debates:**
During two different weeks of class, we will hold debates on issues of interest to the class (given the size of the class, we will split the class into two and each student will debate only one time – information from the debates will be included on each exam). For example, we might debate the role of Super PACs in the campaign, whether the U.S. government should raise the debt ceiling, whether the U.S. should switch to publicly-funded campaigns, etc. You will be assigned to a 3-person team that will argue “yes” or “no” on the issue and your team will be **responsible for writing a brief paper** outlining your major arguments and for participating against a team with the opposing view. While not a determining factor in the grade for your performance, we will poll the audience to choose the winner of the debate. Your grade for the debate will be based on the quality of the economic reasoning utilized and not simply on whether you are judged to be on the winning team.

**Grading Scale:**
Grades for the course will be determined in the following manner. At the end of the course, students will be placed in rank order according to the weighted number of points received according to the above percentage breakdown. Grades will then be assigned in rank order of relative performance.