Economics 4821: Public Economics
University of Minnesota
Fall 2021

Syllabus

Lecture: MW 9:45 - 11:00 AM, 1-109 Hanson Hall
Instructor: Ricardo Alves Monteiro
Office: 3-161 Hanson Hall
E-mail: alves030@umn.edu
Office Hours: TuTh 2:00 - 3:00 PM, subject to change, zoom link available on Canvas

Textbook

- Gruber J., "Public Finance and Public Policy", 6th edition, Worth Publishers, 2019.

Suggested

- Nicholson, W. and Synder, C. "Intermediate Microeconomics", or equivalent

- Williamson, S. "Macroeconomics", or equivalent

Course description

The goal of this course is to understand the economic role of the government and its impact on economic agents and economy. We will address the following questions: (1) when and how should governments intervene in an economy, (2) what are the effects of these interventions on economic outcomes, (3) how and why the interventions suggested by the theory differ from what governments actually do. To answer these questions, we will employ a combination of theoretical, empirical, and historical analysis on the United States. Since there are competing views on the proper role of the government, some issues will be controversial. Particular attention will be given to the topics of uncertainty, risk, information asymmetry, moral hazard, and adverse selection.

Prerequisites

Econ 3101, 3102 or equivalents are official prerequisites for this course. Basic calculus and constrained optimization techniques will be used throughout the course, although we shall conduct a brief review in the first week.

A working knowledge of Microsoft Excel is needed for parts of homework assignments that deal with data. Free one-day courses are offered at Technology Training Center and I would **strongly** encourage you to register for one, if you haven't used MS Excel before, or if don't feel comfortable with manipulating data and creating charts in MS Excel. Please see Technology Training Center website www.oit.umn.edu/training/courses/index.htmfor the list of course offered. (links to MS Excel courses at the bottom of the page.)

Grading

Final grade will be computed as follows

- Problem sets: 30%

- Midterm: 30%

- Final exam: 30%

- Participation: 10%

Below are the grading cut-off points:

93%-100%	90%-92%	88%-89%	82%-87%	80%-81%	78%-79%	73%-78%	70%-72%	68%-69%	60%-67%	below 60%
A	A-	B+	B	B-	C+	C	C-	D+	D	F

Exam dates

Midterm : In-class, October 20th
Final Exam: December 20th, 1:30 PM

All exams must be taken on assigned date, unless there are documented extenuating circumstances. If a student knows he/she will be absent on the day of the exam for legitimate reasons it is his/her responsibility to notify the instructor as far in advance as possible. There will be no make-up midterms, in case of documented emergency the weights will be shifted to other exams. According to University policy, you may request a make-up only if you have: (1) **Documentation** of a family or medical emergency, (2) Another test scheduled at the same time, or (3) Three exams within a 16-hour period.

Problem sets

There will be four problem sets. Each problem set is worth worth 7.5% of the total grade. Assignments are to be submitted on Canvas before lecture 9:45 AM (CST) on the due date. Assignments submitted late will be penalized by 20 points (out of 100) for each 24 hour interval it is late. e.g. An assignment is due Monday at 9:45 AM. The score of an assignment submitted at 9:45 AM on Tuesday will be reduced 40 points.

A **documented** family or medical emergency may exempt you from this rule.

Students must work in study groups. However, each group is limited to three (3) students per submission. Moreover, each problem set must acknowledge the people who worked on the submitted assignment. Identical or essentially similar assignments will get a grade of zero.

Students should submit their assignment typed. While MS Word is a useful software, I strongly encourage you to type your homework in Latex. Lyx is a free and easy to use software to type up math in the Latex language. It is available at https://www.lyx.org

Contacting the Instructor

Students can ask questions in lectures and on office hours at Zoom. Additionally, they can email the instructor for short quick questions. Emails should contain "4821" in the subject line. Instructor responds to emails within 48 hours. Students willing to get feedback on their problem sets, exams, or class participation are welcome to the Zoom office hours.

Course Timetable

This is <u>tentative</u> and will be revised as needed as we go along.

Week	Dates	Topic	Chapters	Activity
1	9/7 - 9/10	Introduction to Public Economics	1-3	
2	9/13 - 9/17	Math review, Welfare analysis		
3	9/20 - 9/24	Externalities	5-6	
4	9/27 - 10/1	Public Goods	7-10	PS1
5	10/4 - 10/8	Political Economy	7-10	
6	10/11 - 10/15	Education	11	PS2
7	10/18 - 10/22	Review		Midterm
8	10/25 - 10/29	Social Insurance and Social Security	12-13	
9	11/1 - 11/5	Principal-Agent Models		
10	11/8 - 11/12	Models of Incomplete Information		
11	11/15 - 11/19	Taxation with private information		PS3
12	11/22 - 11/26	Workers' Insurance	14	
13	11/29 - 12/3	Health Insurance	15-16	
14	12/6 - 12/10	Taxation	18-25	PS4
15	12/13 - 12/16	Review		Final