

EC 340: Issues in Public Economics

Winter 2023

MW 2:00-3:20 PM: Tykeson 204

Instructor: Kyutaro (Q) Matsuzawa

Office: PLC 522

Office Hours: Mon 12-1PM; Wed 3:30-4:30PM; or by Appointment

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Course Overview

In this course, students will learn about public economics and public policy. Public economics is a study of how/when the government should intervene with the market. This course will begin by learning basic economic theories and tool kits used in public economics. Next, students will focus on applying the models and tools to understand the nature of government interventions and the responses of individuals and firms to these interventions.

Learning Outcomes

Upon completing (and passing) this course, you will be able to:

- Demonstrate how economic and policy analysis is conducted using theoretical models and graphs
- Demonstrate how economic and policy analysis is conducted using econometrics
- Understand the different types of market failures and when/how the government should intervene with them
- Distinguish the difference between private and public goods and determine their optimal levels
- Demonstrate intuition behind political economy
- Analyze the problem with insurance markets
- Analyze potential pitfall and solution of government transfer programs
- Analyze how taxes affect the market

Prerequisite

Students should have successfully completed introduction to micro economics (EC 201).

Textbook

Public Finance and Public Policy by Jonathan Gruber, 7th Edition

- You may use a 6th edition if you want. I will not assign any readings or assignments off the textbook. Thus, the textbook is **optional**, but recommended as my lecture will follow closely with the textbook.

GE

Robert McDonough will be grading your problem sets and exams. If you have any questions regarding your grade or problem sets, you can find him in his office in PLC 405 during his office hours, which will be from 1-2pm every Mondays.

Grading

Your grade will come from the following:

| | |
|-----------------------------------|-----|
| Problem Sets & Quizzes | 35% |
| Midterm | 30% |
| Final | 35% |
| Extra Credit Public Policy Debate | 5% |

The following is a percentage you need to earn a specific letter grade:

| | | | |
|--------------|--------------|--------------|--|
| A: 93%+ | A-: 90-92.9% | | |
| B+: 87-89.9% | B: 83-86.9% | B-: 80-82.9% | |
| C+: 77-79.9% | C: 73-76.9% | C-: 70-72.9% | |
| D+: 67-69.9% | D: 63-66.9% | D-: 60-62.9% | |
| F: 0-59.9% | | | |

I will not curve an individual exam or homework assignment, but if the overall class average is under 80%, I will be curving the class so that the median grade will be around a B-. In a very rare occurrence, I may give out A+ to exceptionally outstanding student(s), but no guarantee if I will.

Quizzes

There will be eight “almost weekly” Canvas quizzes throughout the term. The due dates are TBD, but you will be notified at least three days before they are due. I will drop your lowest score, and each quiz will carry 2.5% of your grade. The questions will be based on materials that were covered in class for that week or the week prior. Quizzes will be a set of multiple choice questions, true/false questions, and/or numeric analysis questions. Once you start your quiz, you will have 30 minutes to an hour (depending on the length of the quiz) to complete. Your quiz timer NOT stop if you exit out of your quiz. You may try **TWO attempts** per quiz, but in that case, your scores will be **averaged** and you will not see the correct answers until the quiz is closed. Collaboration on the quizzes is NOT allowed.

Problem Sets

In addition to the quizzes, I will also assign eight problem sets. Each problem sets will carry 2.5% of your grade. The problem sets will consist of free response questions and/or analytical problem(s). It will be hand written and/or typed, scanned and submitted via Canvas. You will be graded mostly on the completeness of the assignment and correctness on a few chosen question(s), which will NOT be revealed ahead of time. You may collaborate with others for the problem sets, but each of you must submit your own work.

Exams

The midterm will take place on **February 15 at 2:00pm** and the final will take place on **March 20 at 2:45pm**. The final will be comprehensive, but larger weight will be placed on materials that were covered in the second half of the quarter. You may bring a calculator to the exam, but NO graphing calculator is allowed. The exams will be similar in style to the weekly problem sets and quizzes.

Late Policy

For quizzes and problem sets, I will allow a less than 24 hour late assignment, but in that case, the highest score you may earn is a 80%. For exams, NO make-up exams will be given. A missed midterm due to an unanticipated, verifiable emergency will be re-weighted so that the final exam will count towards a larger portion of your grade. A missed final due to an unanticipated, verifiable emergency will be handled with an incomplete for the course (see: [U-O's Incomplete Policy](#)).

Extra Credit Public Policy Debate

You may choose and write about a public policy that is studied often in economics, which was NOT discussed in class for a small amount of extra credit. This should be a 2-4 page (double spaced) arguing **both sides** of the debate (i.e. why this policy should be enacted AND why this policy should not be) using economic tool kits we learned in class, research papers, and some real life examples. More details and rubric for this assignment will be posted around week 6.

Attendance/Participation

Attendance and participation is **NOT mandatory**. I will not be punishing you for showing up to class. However, I highly suggest showing up to class because students who show up to class tend to do better on exams than those who do not. Please do not come asking me to do another lecture for a class that you missed.

Classroom Behavior

- Please turn off/silence your cell phone during class time.
- No recording or taping of the lecture without my approval.
- If you have to leave the class early, please sit near the door so your classmate won't get distracted when you are leaving.
- If you decide to not pay attention during class, please sit towards the back of the class, so your classmate won't get distracted with your YouTube video, etc.

Academic Misconduct

I will NOT tolerate any cheating or plagiarism of any kind. Anyone caught with academic misconduct will receive an F for the course and be referred to the Student Conduct and Community Standards office. Please refer to [Section IV part 1 of Student Conduct Code](#) if you are unsure if your behavior constitutes as an academic misconduct.

Copyright

I will post lecture notes, assignments, study guides, etc. on Canvas. I am the exclusive owner of copyright in those materials I create. You may take notes and make copies of course materials for your own use, but you may NOT reproduce or share these publicly without my approval. A failure to follow this rule is also considered an academic misconduct (see: [Section IV part 1f of Student Conduct Code](#))

Accommodating Disabilities

[Accessible Education Center](#) offers assistance to eligible students who encounter barriers to full access or participation in the physical, curricular, or informational environments within the university. If you need any accommodations, please contact [Accessible Education Center](#) as soon as possible.

Tentative Course Schedule

Subject to Change

Weeks 1-6

Chapter 1 (Briefly): Introduction
Chapter 2: Theoretical Tools
Chapter 3: Empirical Tools
Chapter 5: Externalities
Chapter 7: Public Goods
Chapter 8: Cost Benefit Analysis (if time allows)

Midterm I

Weeks 7-10

Chapter 9: Political Economy
Chapters 12: Insurance
Chapter 17: Government Expenditures & Transfer Programs
Chapters 18,19,20: Taxes