Class Hours  Tuesday, Thursday  
11:00 am – 12: 20 pm, DB 329

Contact Information

Instructor: Yongjing (Eugene) Zhang, Ph.D.
Office: Dillard 292
Office Phone: 940-397-4969 
FAX: 940-397-4693
Office Hours:  TR 1:30 pm - 5:00 pm; W 2:00 pm – 5:00 pm or upon appointment
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Required Materials and Accessory

Required Textbooks:


Reference Books:


Course Description

Public finance (also known as public economics) is the branch of economics that analyzes the economic rationale, objectives, and consequences of government intervention in the economy. This course will apply the basic tools of economics to analyze competing views of what government does and what it ought to do. You will learn how to examine the proper responsibilities and limitations of government. You will also study how to interpret theoretical and empirical analyses to explore and predict the effects of government expenditures and financing of various government activities. Upon completion of this course, you should be able to apply the
tools of public finance to current policy issues.

Prerequisites

Prerequisite(s): Junior standing or above or consent of the chair, ECON 2333, and ECON 2433.

Course Objective

A. General Learning Goals:

Upon successful completion of this course, students should be able to develop a critical analysis of government acquisition and disbursement of revenues; detailed attention to the various taxing programs, the economic effects of governmental debt, and the significance of governmental expenditures for national defense, public works, social security benefits, resource development, and education.

B. Course Specific Learning Goals:

Upon successful completion of this course, students should be able to:

1. Apple modern economics tools to examine the nature of public finance from competing perspectives.
3. Understand the achievement, whether through markets or the public finance and public policy of government, of the social objectives of efficiency and social justice.
4. Gain the understanding of “market failure” and “government failure,” and also the responsibilities and limitations of government.
5. Develop the choice between market and government on various issues.
6. Understand the political process and institutional framework during the public finance decision-making.
7. Learn the concept of public goods and its provisions.
8. Learn the concept of externalities and its solutions.
9. Learn the principles of efficient and equitable taxation.
10. Learn the principles of expenditure analysis, such as the cost-benefit analysis and the attributes and consequences of entitlements.
11. Develop the analysis of different types of tax in the US.
12. Develop the analysis of different types of public expenditure in the US.

Homepage of the Course

You can access to the homepage of this course via MSU WebCT (http://distance.mwsu.edu/webct.asp). WebCT will be your resources for the syllabus, lecture notes, announcements, readings, current grades, the discussion board, etc.

Course Requirements and Grading (Total points: 100)

1. Exams (50 points):
Exam I – 25 points (October 4)
Exam II – 25 points (November 15)

2. Classroom Presentation (20 points):

Each student group (no more than 4 students in one group) is responsible for leading classroom discussion for half a class on a single topic of their choosing (see the list below). The group will begin with a 25-30 minute talk concerning the pros and cons of the current American public policies for the topics, and the general issues involved, followed by the group-led open discussion period. Student groups will be formed at the last class before Exam I (October 4), and student-led classes will kick off on November 17. In order to help you to broaden the literature search and develop the analytical skills, I expect to meet with each student group at least twice before their presentation date, and I will provide research guidance and drive you through the preparation process. In addition, I will present a demonstration on the topic of “Personal Income Tax” on November 10.

List of discussion topics:
a. Transaction Tax
b. Taxes on Business Income
c. Property and Estate Taxes
d. Social Security and Social Insurance
e. Education
f. Health Care
g. Government Debt
h. Local Public Finance in Wichita Falls

Each student groups can post their selection of topic at the discussion board on WebCT starting at 2 pm, October 18. The instructor will NOT honor any post that is uploaded before this starting time. Once a topic has been selected by another group, your group must pick up a different topic. It is “first-come, first served.”

Please check Attachment I for the grading rubric of this assignment. The instructor’s rating will be counted for 14 points, and the average rating among other students (i.e. peer evaluations) will be counted for 6 points.

3. Classroom Participation (10 points):

Student participation is very important for this course. Therefore participation credits are assigned to encourage students to attend classes and engage in class discussion. Participation grade depends on the following factors:

- Attendance
- Performance on raising and answering questions in class
- Performance on raising and answering questions on WEBCT discussion board

Students with outstandingly good participation can earn up to 10 points of participation grades, while students that seldom participate or are disruptive to class may get zero participation grade.
There is no guarantee that a student attending every class will automatically receive the full credit of class participation.

For the record keeping purpose, in each class period a roll sheet will be passed through the class and students need to make sure that they sign on the roll sheet. Signing any other student’s name on the roll sheet is considered as a disruptive conduct in this course. No student is allowed to enter the classroom if s/he is late for more than 15 minutes. A student who needs to leave the classroom early must ask the instructor for an approval before the class.

There is a “3-missed-classes” policy. Every student can miss 3 classes for whatever reason without losing participation points. Once one student misses more than 3 classes, s/he will lose participation points on an incremental base – “one more point deduction at one additional missing,” till all 10 participation points are depleted.

4. Term Paper (20 points):

There will be one term paper on a public finance topic, 6-8 double-spaced pages in length (including the reference list). The purpose of the term paper is to demonstrate one’s ability to use the tools and theories developed during the course to analyze a contemporary public finance issue or controversy. You may further study the topic you choose for the “classroom presentation” assignment, but you must be the single author of your term paper. If you choose another topic, you will receive up to 2 bonus points.

Term Paper should be discussed with the instructor in person after preliminary work is started, no later than **November 15**. The final draft of your term paper is due on **December 5**. No late submission will be accepted. Please check Attachment II for the grading rubric of the term paper.

**Additional Attendance Policy**

*Students are expected to attend all meetings of the classes in which they are enrolled. Although in general students are graded on intellectual effort and performance rather than attendance, absences may lower the student’s grade where class attendance and class participation are deemed essential by the faculty member. In those classes where attendance is considered as part of the grade, the instructor should so inform students of the specifics in writing at the beginning of the semester in a syllabus or separate attendance policy statement. An instructor who has an attendance policy must keep records on a daily basis. The instructor must give the student a verbal or written warning prior to being dropped from the class. Instructor’s records will stand as evidence of absences. A student with excessive absences may be dropped from a course by the instructor. Any individual faculty member or college has the authority to establish an attendance policy, providing the policy is in accordance with the General University Policies.*

Instructor Drop, Midwestern State University Undergraduate Catalog (2010-2012), p. 73
An instructor may drop a student any time during the semester for excessive absences, for consistently failing to meet class assignments, for an indifferent attitude, or for disruptive conduct. The instructor must give the student a verbal or written warning prior to being dropped from the class. An instructor’s drop of a student takes precedence over the student-initiated course drop of a later date. The instructor will assign a grade of either WF or F through the 8th week of a long semester, the 6th week of a 10 week summer term, or the 11th class day of a 4 or 5 week summer term consisting of 20 days. After these periods the grade will be an F. The date the instructor drop form is received in the Office of the Registrar is the official drop date.

Students who miss more than one third of the class periods without valid excuses will be dropped from this course. A valid excuse is defined as an authorized absence (see Midwestern State University Student Handbook (2010-2011) p. 37 for the definition) or an unforeseeable, proved, and documented event that requires the student’s presence in a place other than the classroom during the class period, and such event is deemed acceptable by the instructor. In the case of an excused absence, the document justifying the absence must be turned to the instructor within one week from the absence.

Students who fail to meet class assignments, show indifferent attitudes, or reveal disruptive conducts will be given warnings each time such instance occurs. Students with more than two warnings will be dismissed from this course.

**Other Class Policies**

1. Please do not use your laptop or cell phone during the class.
2. It is obviously in a student’s best interests to attend class regularly. The materials are cumulative in nature, so if a student misses some lectures, s/he will not make sense out of subsequent lectures.
3. Students are expected to read the class material before and after the scheduled classes.
4. Announcements not made in class will be posted online through WebCT. Students have the responsibility to check the postings regularly.
5. Video, audio, and image recording other than taking hand-written or typed notes in the classroom is not allowed without the prior consent of the instructor. Redistribution of course material prepared by the instructor in any form outside this class is not allowed.

**Academic Integrity**

With regard to academic honesty, students are referred to the “Student Honor Creed” and “Academic Dishonesty” on p. 19 of *Midwestern State University Undergraduate Catalog*, Vol. LXXVIII, No. 1 (2010-2012).

**Americans with Disabilities Act**

This class follows the guidelines suggested by the Center for Counseling and Disabilities Services for those students who qualify for disability services. Please notify the instructor of
your special needs during the first week of the class. See Midwestern State University

Syllabus Change Policy

This syllabus is a guide for this course and is subject to change with advanced notice.

References

Midwestern State University Student Handbook (2010-2011) and Undergraduate Catalog (2010-

Order of Topics in Schedule (and Corresponding Sections in the Textbooks)

Lecture 1: Introductions and Analytical Tools (AH: Ch. 1.1; RH: Ch. 1, 2)
  1.1: Introduction to Public Finance
  1.2: Review of Economic Principles
  1.3: Tools of Positive Analysis
  1.4: Tools of Normative Analysis
Lecture 2: Markets and Governments (AH: Ch. 1; RH: Ch. 2)
Lecture 3: Institutions and Governance (AH: Ch.2; RH: Ch. 6)
Lecture 4: Public Goods (AH: Ch.3; RH: Ch. 5)
  – Exam I will cover lectures 1, 2, 3, 4 and 4. – Oct. 4

Lecture 5: Market Corrections (AH: Ch. 5.1, 5.2; RH: Ch. 4)
Lecture 6: Taxation (AH: Ch. 4, 9.1, 9.2; RH: Ch. 10, 11)
Lecture 7: Public Expenditure (AH: Ch. 8; RH: Ch. 18, 19)
Lecture 8: Voting (AH: Ch. 6; RH: Part III)
  – Exam II will cover lectures 5, 6, 7, and 8. – Nov. 15

Presentation Demonstration: Personal Income Tax (Nov. 10)
Classroom Presentation a: Transaction Tax (Nov. 17)
Classroom Presentation b: Taxes on business income (Nov. 17)
Classroom Presentation c: Property and estate taxes (Nov. 22)
Classroom Presentation d: Social Security and Social Insurance (Nov. 22)
Classroom Presentation e: Education (Nov. 29)
Classroom Presentation f: Health care (Nov. 29)
Classroom Presentation g: Government Debt (Dec. 1)
Classroom Presentation h: Local Public Finance in Wichita Falls (Dec. 1)
<table>
<thead>
<tr>
<th></th>
<th>(1) Developing</th>
<th>(2) Proficient</th>
<th>(3) Advanced</th>
<th>Score</th>
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<tbody>
<tr>
<td><strong>Organization</strong></td>
<td>The organizational pattern was unclear, making it difficult for the audience to follow. Both the introduction and the conclusion were lacking; the audience’s attention was not held and there was no overview or summary of the speech.</td>
<td>The main points were clear, but the speech could use some restructuring of information so it is easier to follow. The introduction and conclusion introduced and summarized the speech, but there was no attention getter or memorable ending.</td>
<td>The organizational pattern strengthened the content and was easy for the audience to follow. Introduction was strong; good attention getter and a strong preview of the speech. Conclusion emphasized the main points and lent closure to the speech with an effective memorable statement.</td>
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<td>(4 Points)</td>
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<tr>
<td><strong>Cohesion</strong></td>
<td>Series of speeches. Failure to answer the questions from the audience.</td>
<td>Series of speeches with some interactivity. Correct answers to some questions from the audience.</td>
<td>Fully interactive presentation that clearly demonstrates group functioning. Correct answers to most of questions from the audience.</td>
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<tr>
<td><strong>Questions &amp; Answers</strong></td>
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<td>(5 Points)</td>
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<td><strong>Content</strong></td>
<td>Unclear discussions of pros and cons of current US policies on topic. No sources, or only one, was used. Sources were of poor/questionable quality.</td>
<td>Partially clear picture of pros and cons of current US policies on topic. Sources were questionable. Only two or three sources were used. Only one or two references were mentioned.</td>
<td>Clear picture of pros and cons of current US policies on topic. Sources were high quality and a number of sources were used. Thorough incorporation of all references.</td>
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<td>(7 Points)</td>
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<tr>
<td><strong>Creativity</strong></td>
<td>Series of speeches.</td>
<td>Series of speeches with some added feature, such as skit or movie clip.</td>
<td>Creative and engaging. Goes beyond speeches to demonstrate the group process and dynamics while informing audience about topic.</td>
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<td>(2 Points)</td>
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<td><strong>Visual Aids</strong></td>
<td>Several graphics were unattractive and detracted from the speech. Slides had grammatical errors and/or were difficult to read. At least several visuals were not appropriate to the audience and occasion.</td>
<td>The majority of the graphics were attractive and supported the speech. Slides had an occasional error. Most visuals were appropriate to the audience and occasion.</td>
<td>All graphics were attractive and supported the speech. There were no errors in the slides and they contained a proper amount of text. Visuals were appropriate to the audience and occasion.</td>
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<td>(2 Points)</td>
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**Total Points:**
## Attachment II: Grading Rubric for the Term Paper

<table>
<thead>
<tr>
<th>Topic/ Purpose (3 Points)</th>
<th>(1) Developing</th>
<th>(2) Proficient</th>
<th>(3) Advanced</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose and/or relevance of topic are unclear and/or inappropriate for the reader and occasion.</td>
<td>Little to no research. -Failure to apply the tools and concepts of public finance to the research on topic. -Research is from non-credible sources. -Sources are not cited.</td>
<td>Topic and purpose is evident, but could have been tailored more to the reader and occasion. -Shows some research, but not enough and/or not valid research. -Limited application of the tools and concepts of public finance to the research on topic. -Evidence from few sources, sources not spread out in paper (i.e. only use the same source for 2 pages in a row, without incorporating others).</td>
<td>Clear purpose and topic. Both are relevant and interesting for the reader and occasion. -Successful application of the tools and concepts of public finance to the research on topic. -Paper is exceptionally well researched, detailed, accurate. -Evidence from a variety of sources. -Sources are academic in nature, recent, credible.</td>
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<td>Research (12 Points)</td>
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<td>Style (3 Points)</td>
<td>Writing is unclear, lacks topic sentences and structure. -Thesis is absent or unclear. -No introduction or conclusion. -Many mistakes and spelling errors, not proofread. -Read like several separate papers copied and pasted into one.</td>
<td>Writing is generally clear, but lacks thorough development. -Paper lacks clear organization. -Thesis present, but not clear. -Introduction and conclusion do not provide clear focus or summary. -Some grammatical and spelling mistakes.</td>
<td>Writing is clear, logical, thorough development of subtopics. -Thesis in clear, well-developed, guides the reader to the topics in the paper. -Introduction grabs interest of readers, and all subtopics are in proper order. -Conclusion provides clear summary.</td>
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<tr>
<td>Requirements (2 Points)</td>
<td>No citations. -Under 6 or over 8 pages</td>
<td>Bibliography not correctly provided, or under 6 or over 8 pages</td>
<td>Proper citation format. A complete citation includes author(s), year, title, journal title /book publisher, page number(s), and the URL link for a web reference. -is 6-8 pages</td>
<td></td>
</tr>
</tbody>
</table>

**Total Points:**