

BEPP 201/770

Public Finance and Policy

Fall 2020

- Lectures** Monday & Wednesday 12:00-1:20 (add Zoom link here).
- Instructor** **Deniz Selman** (denizs@wharton.upenn.edu)
Office Hours: To be announced.
- TA** **Siyuan Yin** (syyin@wharton.upenn.edu)
Office Hours: To be announced (add Zoom link here).
- Overview** This course examines the role of the government in the economy and its impact on individuals and firms. The aim of the course is to provide an understanding of the reasons for government intervention in the economy, the extent of that intervention, and the response of individuals and firms to the government's actions. A wide variety of topics are covered, including but not limited to environmental regulation, antitrust and merger analysis, education, health care, social insurance programs, budget deficits, and the equity and efficiency consequences of taxation of both individuals and firms. To understand how consumer behavior, firm strategy, and public policy interact, the course will rely on a mix of simple but rigorous analytical models, empirical evidence, and case studies.
- Textbook** Gruber, J., *Public Finance and Public Policy*, 6th Ed., New York: Worth Publishers, 2019. (Earlier editions are fine). *There will be supplementary readings for some lectures not covered in Gruber, as well as select newspaper and other articles. These readings will all be posted on Canvas.*
- Microeconomics** A valuable microeconomics reference is MIT's OCW Principles of Microeconomics course, available [here](#). The relevant units for this class are 1, 2, 4 (individual and market consumer surplus, producer surplus, social welfare), and 5 (monopoly, game theory, prisoner's dilemma, repeated games). *For students who are new to the microeconomics materials from Lectures 1 and 2, Siyuan will hold a recitation during the first few weeks to review the theoretical tools you will need for this course. (Date and time to be announced.)*
- Lectures** Lectures will be held *synchronously* via Zoom with the possibility of a few short videos that may be prerecorded. It is important that you come to class prepared to participate. Looking over the slides and doing the readings is not a substitute for attending and participating in class.
- Problem Sets** There will be four problem sets assigned and collected for grading during the semester. Problem sets will be posted on Canvas exactly one week prior to the due date and due by the beginning of lecture (at 12:00 noon sharp) on the day they are due. Problem set due dates are **23 September, 30 September, 4 November** and **18 November** (all Wednesdays). *No late problem sets will be accepted.* Working on problem sets diligently is the most effective way to prepare you for the exams. I recommend you first work on your own and then meet to discuss the problems in groups. However, each student must turn in his or her own answers. Please write legibly and state which classmates you worked with on your submitted copy.
- Class Project** Each student will be a member of a class project team; the number of students per team will depend on total class enrollment. Teams have flexibility in the choice of a topic for the project but all topics should involve the application and analysis of the concepts addressed in this class to a real-world policy question. Sample projects from prior years can be found on Canvas. I am happy to provide feedback on potential topics and analytical approaches (which can be quantitative, qualitative or a combination); please email me your ideas or come talk to me during my office hours if you would like feedback.
PROPOSALS (Due Wednesday 11 November): Project proposal (max 1 page): list the topic, describe the intended final output, and summarize your research plan and method.
PRESENTATIONS (Due Wednesday 2 December): **Video** project presentation addressing the rest of the class. Each group should choose a video presentation format that you believe best communicates the substantive issues involved and involves all group members. For example, you might model your presentation as a congressional testimony, an academic conference paper, or a news show debate.
PRESENTATION VIEWING, Q&A SESSIONS (2 & 7 December): We will watch the video presentations during lecture and hold Q&A sessions after each presentation.
WRITTEN REPORT (Due Thursday 17 December): Written report (max 7 pages) supported by additional materials, including presentation materials.

Exams

Exam 1: Wednesday 14 October (during class—exact format TBA).

Exam 2: Thursday 10 December (during class—exact format TBA).

Siyuan will hold a Review Session for each of the two exams. Dates and times are to be announced.

MAKE-UP POLICY FOR EXAMS: Only students who contact me *before* an exam *and* have a University-approved excuse are eligible to take a make-up exam. Valid excuses include direct conflicts with another course offered at Penn that cannot be rescheduled or a varsity (but not club) sport competition (but not practice). Job interviews are not a valid excuse. Students who miss an exam and are not eligible for a make-up exam will receive a zero for the exam.

EXAM REGRADES: To submit a regrade request for an exam, you must submit a completed regrade form (posted to Canvas) within five business days after the graded examination has been returned. Your entire exam will then be reviewed, and your grade may go down, go up or remain unchanged.

OTHER POLICIES & PROCEDURES: Apart from all of the stated specifics above, this course complies with the University of Pennsylvania's Code of Academic Integrity. It is the policy of the Department of Business Economics and Public Policy to immediately fail any student who is to be in violation of the Code. Cheating, in any manner, will result in failing the course. In addition to the sanctions imposed by the Department of Business Economics and Public Policy, the Office of Student Conduct may impose additional sanctions. Please review the Code of Academic Integrity on the below link as well as example of violations and possible sanctions:

<http://provost.upenn.edu/policies/pennbook/2013/02/13/code-of-academic-integrity>

Grading

Participation (10%), Problem Sets (10%), Class Project (20%), Exam 1 (30%), Exam 2 (30%).

Course Outline *(subject to some change)*

<i>Lecture</i>	<i>Date</i>	<i>Topic</i>	<i>Gruber chapters</i>	
1	W 2 Sep	Introduction and Background	1, 3	
2	W 9 Sep	Theoretical Tools	2	
3	M 14 Sep	Externalities I	5, 6.1, 6.3	
4	W 16 Sep	Externalities II	5, 6.1, 6.3	Micro Review Recitation
5	M 21 Sep	Public Goods	7	
6	W 23 Sep	State and Local Government	10	PS 1 DUE
7	M 28 Sep	Social Insurance	12, 13	
8	W 30 Sep	Social Security I	12, 13	
9	M 5 Oct	Social Security II	12, 13	
10	W 7 Oct	Health Insurance I	15, 16	PS 2 DUE
11	M 12 Oct	Wrap-up & Review of Lectures 1-10		<i>Review Session (time TBA)</i>
	W 14 Oct	EXAM 1 (during class) covering all material covered thus far		
12	M 19 Oct	Health Insurance II	15, 16	
13	W 21 Oct	Health Insurance III	15, 16	
14	M 26 Oct	Education I	11	
15	W 28 Oct	Education II	11	Project Groups finalized
16	M 2 Nov	Education III (<i>guest speaker Dr. Eleanor Harvill</i>)		
17	W 4 Nov	Intro to Taxation	18.1-18.2, 19.1-19.2, 19.4	PS 3 DUE
18	M 9 Nov	Tax Incidence, Efficiency, Optimal Taxation	18.5, 20.1	
19	W 11 Nov	Taxation of Individuals I	18.6, 21	Project Proposal DUE
20	M 16 Nov	Taxation of Individuals II	22.2-22.4, 23	
21	W 18 Nov	Social Choice Theory I		PS 4 DUE
		<i>Thanksgiving Break (no class all week)</i>		
22	M 30 Nov	Social Choice Theory II		
23	W 2 Dec	Class Project Videos and Q&A		Project Videos DUE
24	M 7 Dec	Class Project Videos and Q&A		
25	W 9 Dec	Wrap-up & Review of Lectures 12-22		<i>Review Session (time TBA)</i>
	R 10 Dec*	EXAM 2 (during class) covering all material since Exam 1 only		
	R 17 Dec	Class Project Written Report DUE		

*Monday schedule on a Thursday