

# STONY BROOK UNIVERSITY

ECO383 - Public Finance

Spring 2023

- **Course Details**

Lecture Room: Melville Library E4330  
Days & Times: Mon / Wed 11:45 AM – 1:05 PM

- **Instructor and Contact**

Instructor: Kwanjai Yoo  
Email: [kwanjai.yoo@stonybrook.edu](mailto:kwanjai.yoo@stonybrook.edu)  
Office Hours: Wednesday 3 to 5 PM or by appointment  
Office Room: Room N624, Social and Behavioral Sciences Building

For more information on communication with the instructor, please check the “Communication” section below.

- **Prerequisites**

C or higher in ECO 303 (Intermediate Microeconomic Theory) and 305 (Intermediate Macroeconomic Theory)

- **Textbook and Material**

This course follows the textbook strongly, so it is required. The textbook is *Public Finance and Public Policy*, 7<sup>th</sup> edition by Jonathan Gruber from Macmillan Learning. Feel free to work with older editions but make the relevant material match up. Additional materials will be provided through Brightspace if needed.

- **Course delivery/modality**

This is a fully in-person class. All students are required to attend class to follow the course. There is no recitation so attending the lecture is the most important part to succeed in the course.

- **Communication**

First, you can visit the instructor during office hours every Wednesday. To avoid multiple students coming at the same time, every office hour splits into 8 number of 15-min sessions. The schedule sheet is uploaded on Brightspace so that you can write your name in one slot for every week. For students who have time conflicts with office hours, you can email me to set up an appointment other than regular office hours.

The other option is to email the instructor. Please explicitly write your full name, course number, and title in the email in a polite manner. Please allow up to 48 hours for a reply. Your Stony Brook University email must be used for all University-related communications. You must have an active Stony Brook University email account and access to the Internet. All instructor correspondence will be sent to your SBU email account.

## Course Information and Assessment

- **Course description**

Theories of taxation and the satisfaction of public wants; the nature of public goods; theory of public expenditure; effects of taxes on resource allocation and welfare; theories of tax incidence; fiscal and equity implications of alternative tax schemes; fiscal dynamics and growth; intergovernmental fiscal relations.

Specifically, this course will answer the following questions:

- What is public finance about and for?
- How are tax schemes designed?
- How are theories of taxation implemented in practice?
- What is the optimal way to levy tax?
- Why is government intervention needed?
- How does the government spend the tax revenue?
- How do various types of social safety net work?

Please refer to the course schedule below for detailed information about the topics to be covered.

- **Course Objectives**

Students completing this course should be able to

1. evaluate the impact of taxation on economic agents
2. evaluate government's policies on a basis of people's welfare
3. develop a potential public policy in given circumstances
4. explore the evidence about inequality and poverty
5. distinguish the potential effects of various public insurance

- **Grading**

Your final letter grade will be based on your overall percentage grade determined as follows.

20%: Assignments (4 assignments for 5% each)

25%: Midterm 1

25%: Midterm 2

30%: Final (cumulative)

- **Assignments**

You must complete 4 homework total and submit each of them by the due date. Late submissions would not be accepted. The schedule is as follows.

	Open date	Due date
Homework 1	Feb 8 <sup>th</sup> (Wed)	Feb 13 <sup>th</sup> (Mon)
Homework 2	Mar 1 <sup>st</sup> (Wed)	Mar 6 <sup>th</sup> (Mon)
Homework 3	Apr 5 <sup>th</sup> (Wed)	Apr 10 <sup>th</sup> (Mon)
Homework 4	Apr 26 <sup>th</sup> (Wed)	May 1 <sup>st</sup> (Mon)

- **Exams**

The midterm and final exams will take place on-site. The midterm will take place for 80 minutes (class hour) and the final will take 2.5 hours which follows the Final Examination Schedule of the university.

- Midterm 1: 11:45 AM – 1:05 PM (class hour), March 8<sup>th</sup> Wed
- Midterm 2: 11:45 AM – 1:05 PM (class hour), April 12<sup>th</sup> Wed
- Final (cumulative): 11:15 AM – 1:45 PM, May 12<sup>th</sup> Fri

**The tests are completed individually, and you are not allowed to collaborate with anyone.** If you are suspected of academic dishonesty, you will be reported to the Academic Integrity Office with a recommendation for failure for the class.

- **Course Schedule**

	Topic	Chapter	Note
Week 1	Theoretical Tools of Public Finance	2, notes	
Week 2	Intro to Taxation / Tax Incidence	18, 19	
Week 3	Tax Inefficiencies and Optimal Taxation	20	Homework 1
Week 4	Taxes on Labor Supply	21	
Week 5	Taxes on Savings	22	
Week 6	Taxes on Wealth and Capital Gains	23	Homework 2
Week 7	Review Sessions		Midterm 1 (Mar 8th)
Week 8	Spring Break		
Week 9	Externalities	5, 6	
Week 10	Public Goods / Education	7, 11	
Week 11	Social Insurance	12	Homework 3
Week 12	Review Sessions		Midterm 2 (April 12 <sup>th</sup> )
Week 13	Social Security	13	
Week 14	UI / Disability Insurance	14	Homework 4
Week 15	Inequality and Government Transfer	17	
Week 16	No classes; Final week		Final (May 12 <sup>th</sup> )

## **Technical Requirements**

This course uses Brightspace to facilitate communications between faculty and students, submit assignments, and post grades. The Brightspace course site can be accessed at <https://it.stonybrook.edu/services/brightspace>. If you are unsure of your NetID, visit <https://it.stonybrook.edu/help/kb/finding-your-netid-and-password>.

CELT has provided the following guidance in terms of a minimum recommended computer set-up and the software packages you will need to have access to, and be able to use:

- PC with Windows 10 or higher / Mac with OS 10.11 or higher
- A stable Internet connection, especially for the exams.
- Intel Core i5 or higher / Apple silicon processor equivalent to Intel Core i5 or higher
- 8GB RAM
- Latest version of Chrome, Firefox, Safari for MacOS or Edge for Windows (A complete list of supported browsers and operating systems can be found on the My Institution page when you log in to Brightspace)
- Word processing software (Microsoft Word, Pages, etc.)
- Ability to download and install free software applications and plug-ins (note: you must have administrator access to install applications and plug-ins).

If you need technical assistance at any time during the course or to report a problem with Brightspace, you can:

- create a ticket to get help on the website <https://it.stonybrook.edu/services/itsm>
- Call (631) 632-9800 for client support, Wi-Fi, software, and hardware

## **Academic Policies**

- **Student Accessibility Support Center (SASC)**

If you have a physical, psychological, medical, or learning disability that may impact your course work, please contact the Student Accessibility Support Center, Stony Brook Union Suite 107, (631) 632-6748, or at [sasc@stonybrook.edu](mailto:sasc@stonybrook.edu). They will determine with you what accommodations are necessary and appropriate. All information and documentation is confidential.

- **Academic integrity**

Each student must pursue his or her academic goals honestly and be personally accountable for all submitted work. Representing another person's work as your own is always wrong. Faculty is required to report any suspected instances of academic dishonesty to the Academic Judiciary. Faculty in the Health Sciences Center (School of Health Professions, Nursing, Social Welfare, Dental Medicine) and School of Medicine are required to follow their school-specific procedures. For more comprehensive information on academic integrity, including categories of academic dishonesty please refer to the academic judiciary website at [http://www.stonybrook.edu/commcms/academic\\_integrity/index.html](http://www.stonybrook.edu/commcms/academic_integrity/index.html)

- **Critical incident management**

Stony Brook University expects students to respect the rights, privileges, and property of other people. Faculty are required to report to the Office of University Community Standards any disruptive behavior that interrupts their ability to teach, compromises the safety of the learning environment, or inhibits students' ability to learn. Faculty in the HSC Schools and the School of Medicine are required to follow their school-specific procedures. Further information about most academic matters can be found in the Undergraduate Bulletin, the Undergraduate Class Schedule, and the Faculty-Employee Handbook.

- **Course materials and copyright statement**

Course material accessed from Brightspace, SB Connect, SB Capture or a Stony Brook Course website is for the exclusive use of students who are currently enrolled in the course. Content from these systems cannot be reused or distributed without written permission of the instructor and/or the copyright holder. Duplication of materials protected by copyright, without permission of the copyright holder is a violation of the Federal copyright law, as well as a violation of Stony Brook's Academic Integrity and [Student Conduct Codes](#).

- **Communication competency**

You are expected to follow certain rules in your written communications through email and on the discussion board on Brightspace. Always make sure you state your name and surname (except for anonymous posts on the Comments and Feedback Discussion Forum). Make every effort to use correct grammar, spelling and punctuation and avoid using all capital letters in your posts and emails. ***Most importantly, make sure your posts are polite and respectful. Abusive language will not be tolerated.***