

School of Global Policy and Strategy, UC San Diego
GPCO 404: MARKET FAILURES
Winter 2021

Professor Julie Cullen

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Office hour: M 8-9pm†

TA Katherine Rittenhouse

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Office hour: F 9-10am

TA Sophie Sheng

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Office hour: W 2:30-3:30pm

†Note that all times included on the syllabus are in Pacific Standard Time (PST).

Course description

This course is the first of two core courses in public economics. It will help you to understand the role of the government in the economy from both a theoretical and an empirical perspective. It will teach you how to analyze three broad categories of government expenditure (externalities, public goods, and social insurance).

Class meetings Tuesdays and Thursdays 9:30-10:50am

For at least the first two weeks of the quarter, the lectures will be held remotely, via the relevant Zoom link on the syllabus tab in Canvas. When we are allowed to and depending on popular demand, we will shift to a hybrid format with Section A in-person in the RBC auditorium on Tuesdays and Section B in-person in the RBC auditorium on Thursdays.

I expect you to be present in class in real time if that is feasible given your time zone. If not, I will be recording classes for you to watch. I will open my virtual classroom 5-10 minutes early and leave it open for a few minutes after class, so that you can ask me quick class-related questions or chat with each other.

When you connect remotely, please follow these guidelines:

- Have your full name displayed as your profile name on Zoom.
- I encourage you to have your camera on for the duration of class, to help me read your facial expressions and adjust speed and content accordingly.
- Mute your microphone for the duration of class, unless you are actively asking or responding to a question.
- To participate, you may write your question or response in the chat or raise your hand-icon. If you raise your hand-icon, you will be directed to unmute your microphone when it is your turn to speak.

Discussion sessions Tuesdays 2:30-3:30pm

Voluntary weekly discussion sessions will be held remotely, via the relevant Zoom link on the syllabus tab in Canvas. These will primarily be based on material the TAs have prepared to help you succeed in the coursework. You may raise specific issues you would like to have covered by posting those to the course weekly discussion board or raising those in person during the session.

These sessions will be recorded so that you can watch them if you are unable to attend in real time.

Office hours

All regularly scheduled office hours will be held remotely, via the relevant Zoom link on the syllabus tab in Canvas. These office hours will not be recorded, and your questions will be addressed on a first-come first-serve basis.

Professor Julie Cullen	Mondays 8-9pm
TA Katherine Rittenhouse	Fridays 9-10am
TA Sophie Sheng	Wednesdays 2:30-3:30pm

If you are unable to attend our regularly scheduled office hours, we are also available by appointment. Please send an email to arrange a convenient time to meet.

Course website

The course website is available on Canvas (<https://canvas.ucsd.edu>). You are responsible for regularly checking the website for assignments and materials. The assignments tab will indicate any upcoming assignments and due dates. Any assigned readings that are not from the textbook will be available under the Required Reading tab. Lecture slides will be posted on the morning of the relevant lecture at the latest. Problem sets and other support materials will be posted over the course of the quarter.

Course content

The required textbook is: Jonathan Gruber, *Public Finance and Public Policy 6th edition*, New York: Macmillan 2019. A digital textbook is available as a purchasing option for this course. You can access this digital textbook by clicking the RedShelf tool within Canvas on the Required Reading module. If you decide you would rather use an alternative format, you can opt-out of this option by January 16 and avoid a charge (of \$70.42) to your student account. You are responsible for the material in the assigned parts of the text, but are welcome to use an earlier edition. The textbook reading assignments will include a description of the broad topics, so that you will be able to identify the relevant chapters and pages.

We will cover the following chapters of the textbook:

Introduction and tools

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| 1. Why study public finance? | Chapter 1 |
| 2. Theoretical tools of public finance | Chapter 2 |
| 3. Empirical tools of public finance | Chapter 3 |

Externalities

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| 4. Externalities: problems and solutions | Chapter 5 |
| 5. Externalities in action: environmental and health externalities | Chapter 6 |

Public good provision

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| 6. Public goods | Chapter 7 |
| 7. Political economy | Chapter 9 |

Local public goods and fiscal federalism

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| 8. State and local government expenditures | Chapter 10 |
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Social insurance

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| 9. Social insurance: the new function of government | Chapter 12 |
| 10. Unemployment insurance, disability insurance, and workers' compensation | Chapter 14 |

We will also read relevant policy and academic articles. The academic articles will be challenging and your goal should be to understand the question the researchers are asking and how it relates to the course, as well as to understand how they go about answering the question. You are not expected to be able to follow the more technical aspects of the theory or methods, but are expected to be able to contribute to the in-class discussions.

Evaluation

Activity	Share of grade	Details
Participation	5%	You will be asked to participate in weekly online discussions and surveys.
Reading quizzes	10%	You will be asked to complete online quizzes on the textbook and other reading assignments. You are welcome to prepare in groups, including discussing the questions on the discussion board, and to seek help from the professor and TAs. Though no late responses will be allowed, your single lowest quiz score will be dropped from the calculation of your grade. These quizzes will be due each Monday by 11:59pm.
Problem sets	30%	There will be two graded problem sets (due on January 29 and February 26 by 11:59pm) that involve working through analytical problems. Solutions showing all work must be submitted through the assignment link on Canvas. You are welcome to work in groups, including discussing the questions on the discussion board, and to seek help from the professor and TAs. However, solutions should be written or typed up independently and represent your original work. Solutions that are identical to those of another student will not receive credit.
Policy Analysis Presentation	20%	In groups of 4-5, you will choose a current policy issue related to the course material. You will research recent proposals and present the pros and cons, applying analytical tools from the course. Each group will make a 10-minute presentation to the class, followed by 5 minutes of open discussion. While each group member is expected to contribute fully to the presentation development, any subset can do the presenting. Each person in the group will receive the same grade, except in cases where a member has been clearly delinquent. The presentations will take place in three concurrent remote sessions during the regular class time slot on March 4 .
Final exam	35%	The final exam will be administered remotely on March 15 8-11am, with an alternative time slot on the same day for those in distant time zones. As always, students will be expected to honor standards of academic integrity and to do their own work.