Topics in Economics - Public Economics: ECON 6090, Section 090
Topics in Public Policy - PPOL 8000, Section 003
Fall 2012 Syllabus

Meeting Schedule: Thursdays, 6:30 pm to 9:15 pm, in Friday Building, Room 123

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Office Hours: 3:00 to 4:30 pm, Tuesday & Thursday, or by appointment

COURSE DESCRIPTION

Public Economics (AKA Public Finance and Economics of the Public Sector) studies the relationships between government policies and economic welfare. In order to accomplish this, Public Economics uses economic theory and empirical evidence to analyze and measure the effects public policies have on the economic choices of households and firms. Prerequisites: differential calculus and permission of the program coordinator. The course is taught annually for 3 hours of graduate credit.

OBJECTIVES

The course will begin with a study of the fundamental issues in Public Economics, including public goods, externalities, income distribution (equity), market failure, and the role of the government in the economic system. The course then proceeds to an in-depth discussion of government project evaluation, namely Cost Benefit Analysis. The course will close with a detailed study of the economics of taxation and U.S. federal income taxes. Major theoretical tools used include indifference curves and production possibilities curves. Major mathematical tools used include first order and comparative static methods, dynamic optimization, and general equilibrium analysis. Tools will be introduced as needed. However, strong facility with calculus is a pre-requisite. An abbreviated list of other specific issues in Public Economics are the nature of local and club goods, the economics of education, the economics of health care, the distribution of income, social security systems, public choice, voting, mechanism design, and hedonic measurement of the values of non-marketed goods. It is impossible to cover all the topics in a one-semester class. If a student desires an in-depth study of an issue not covered in class, she or he may do so in the research paper.

TEXT


Hardcopies of Public Finance will be available in the campus bookstore in late August or early September (the books will be located in the bookstore under the single course listing ‘ECON 6090.’) The bookstore sells new copies at a hefty price, and used copies at a somewhat lower price. McGraw Hill's online version of a new copy of the text is 50% to 60% less expensive than the campus bookstore. Also, used copies are available from online bookstores at substantial discounts.

Word to the wise: if it has been awhile since you studied intermediate microeconomics, review the textbook’s Appendix on microeconomics before beginning to read the text proper.

GRADES

Course grades will be based on: 1) a mid-semester exam, 2) a final exam and 3) a research paper. A maximum of 100 points can be earned on each (33.33% of the course grade for each).

Students must submit four assignments related to the research paper. These are: 1) paper topic, 2) "annotated" bibliography, 3) detailed outline, 4) the complete research paper (see below for detailed descriptions). Only the complete paper will receive a formal grade. The paper grade will be reduced for each assignment turned in late.

DATES TO REMEMBER

September 13: Assignment 1: description of research paper topic due in class, late submission penalized 3 points
October 11: Mid-semester exam
October 18: Assignment 2: annotated bibliography due in class, late submission penalized 4 points
November 15: Assignment 3: detailed outline of paper due in class, late submission penalized 6 points
December 6: Assignment 4: Emailed electronic version of final paper, late submission penalized 10 points
December 13: Final exam (the University final exam schedule indicates the test starts at 8:00 pm. However, if students agree to an earlier start time, we can begin the exam before 8:00 pm.)
DETAILS ON RESEARCH PAPER ASSIGNMENTS

What is a research paper in the context of this course? The term 'research' here does not refer to original research of the type reported in academic articles. Instead, in the context of this course 'research' refers to work you will do studying previously published literature on a topic not covered thoroughly in class. Writing a research paper for this class requires that you: 1) choose a topic that you wish to understand in depth, 2) find articles and books written on the topic, 3) report on the contents of those articles, etc., 4) use what you find to educate yourself on the topic, and 5) report what you have learned and what you conclude from what you have learned.

Assignment 1, description of research paper

This is easy. Hand in a hardcopy of a short 2-3 sentence description of your research paper topic. Be brief! The point here is simply to commit to a topic, not to write a lot on a topic you don't yet know much about.

Assignment 2, annotated bibliography

A bibliography is an itemized list of citations to articles. An annotated bibliography attaches an "annotation" to each citation. For our purposes, an annotation is a one hundred fifty to two hundred word review of the contents of the article cited. The purpose of the annotation is to provide the reader (me) with a quick overview of what the writer (you) believe is the relevance, accuracy, and quality of the article cited. Each citation and its annotation are presented together in a single paragraph.

Why write an AB? Doing so will force you to read each article more carefully and critically, thereby improving your understanding of expert viewpoints on your topic. Further, writing an AB will improve your understanding of the issues and modes of argument in the literature, and, thereby, your ability to formulate conclusions and present valid arguments for your conclusions.

NOTE: Your AB must include no less than four citations, not including the textbook. The articles you cite should be ones that have influenced the debate on your topic. How can you know which articles influenced the debate? They will be cited by many other articles. The number of citations is a measure of influence.

Assignment 3, detailed outline of paper

The outline should illustrate the organization and logical structure of your paper. A good outline is like a roadmap. It is not written in prose.

Assignment 4, the final paper (make sure you read this carefully)

A) Follow guidelines: What follows is a long list of detailed guidelines. There is method in this madness.

B) Write clearly: Your paper must be clearly written. Not many of us can write a twenty page paper clearly in one sitting. Clarity is achieved through self-criticism and proofreading. So proofread, proofread, proofread your work. And when you have finished, proofread again.

C) Be objective: A research paper requires that you research and report on the existing "scientific" literature on your topic. By "scientific" I mean objective and authoritative studies of the economic, psychological, and sociological theory and empirical evidence. Among scientific studies are: papers published in academic journals, such as the Journal of Economic Perspectives; working papers or published papers from non-partisan think-tanks, such as the National Bureau of Economic Research; working papers or published papers from non-partisan governmental institutions, such as the Congressional Budget Office or the Organization for Economic Cooperation and Development. Articles written by, say, the 'Society to Exile Hated Government Hacks to the Moon,' or the 'National Association in Support of Government Takeover of Everything on Earth' probably will not produce unbiased, scientific evaluations of the issues. Don't use them. As well, your paper must objectively state the economic arguments on all sides of your topic.
D) **Be organized:**

a) The main text of your paper should be *approximately* 12 to 20 numbered pages, double-spaced, with 1 inch margins on each side, font size 12.

b) Your paper must include clearly delineated sections:

i) The first page should be a cover page showing the paper's title, your name, your email address, your academic program, the date, and an "Abstract." An Abstract is a brief, one hundred fifty to two hundred fifty word, statement describing what the paper does. Abstracts provide broad overviews of the contents of papers, and are written in the barest of terms, with no elaboration. A good Abstract states the paper's main issue, and highlights the main arguments and evidence that are described in more detail in the main text.

ii) Section 1 begins the main text of the paper: It should be titled 'Introduction.' Think of an Introduction as an expanded and much more detailed Abstract that elaborates on the ideas described there. The Introduction must reiterate the paper's main issue, as well as the arguments you will use to address the issue, the evidence and your conclusions.

iii) Section 2 of the main text should be titled 'Literature Review.' Think of the lit review as a much more detailed and expanded version of your AB. Here you must provide a more detailed review of at least the four articles described there. Of course, your lit review can also include reviews of important articles not included in the AB.

iv) Include as many additional sections as needed for a complete report on your research. These sections should describe the economic theory and empirical evidence you will use to make your case. In these sections you should take an objective, not subjective, stance, and report on the arguments and the evidence. Mere opinions and ideological arguments do not support the validity of conclusions. In my humble opinion, they detract from them.

v) The main text concludes with a section titled, naturally enough, 'Conclusion.' The Conclusion should briefly repeat the main issues, review the main arguments and reiterate your conclusions.

c) After the Conclusion include a section titled 'Bibliography' with a full citation to each article, book, etc., that you mention in your main text. This bibliography is *NOT* annotated. After all, your literature review already has described the contents and import of the articles you will cite.

i) do not include citations to articles that you do not discuss in the main text.

ii) the list of citations must be alphabetized by the lead author's last name. Examples:


iii) when citing an article in your main text, simply indicate the lead author's last name and the year of publication. E.G., refer to the first item on the list above as "Auerbach et al., 2007,...." Refer to the third article by "Feldstein, 1974,...."

iv) limit citations to sources that are publicly and freely available. Sources that I cannot locate in the Library, or are not freely available online, will not count. You may cite Web-site URLs.

d) Charts, figures, graphs, tables, etc, are not part of the main text, and should be attached after the Bibliography. These items should be numbered in consecutive order. When referring to a chart,
figure, etc, in the main text, refer to it by its number. E.G., suppose you include two figures. Your second figure, numbered 2, is a graph of state tax revenues. And on page 10 of the main text you want to refer to the figure. Then write “Figure 2 shows state tax revenues ….”

E) Use footnotes sparingly: Keep footnotes brief. Use footnotes only to provide comments on issues that are not central to the text, but are, nevertheless, important.

F) Minimize quotations: you must describe ideas in your own words. Don’t treat quotes as a path of least resistance to getting ideas on paper. Also, citations of quoted passages must provide page numbers. E.G., suppose the main text quotes from page 564 in Tresch’s Public Finance text. Write, Tresch (2001, p. 564) states "Counting secondary market benefits in a cost-benefit analysis almost surely is 'bogus.'"

G) Do not discuss technical issues beyond your level of expertise. Doing so usually turns out badly. E.G., suppose a paper on class size and student performance uses a regression analysis and panel data. If you are not familiar with panel analysis, do not try to discuss the technical details. It is ok to simply describe the results reported by the author of the technical analysis.

H) Do not plagiarize: It is sad, but true, that it seems necessary to conclude with the following statement. Paraphrasing the World Book Dictionary, plagiarism is a verb meaning to take as one’s own the thoughts, writings, or inventions of another, especially to take and use a passage or plot from the work of another writer. Needless to say, plagiarism is unethical, is against the rules, and will be dealt with severely. Except for quoted passages, or short paraphrases, you must be the sole author of the contents of your paper. Use another person’s specific words only if you quote the source and provide a clear citation to that source. Plagiarism will be dealt with in accord with the UNC Charlotte Code of Academic Integrity (see below).

RESEARCH PAPER TOPICS
Your research paper may address one of the topics listed in the paragraph below. Or it may address a Public Economics topic of your choosing. I am flexible, so long as you have a well thought through topic. If you choose a topic not listed next, see me before starting your paper:

Agriculture policy; Budget deficits and government debt; Education policy; Environmental policy; Federalism; Government development projects (E.G., tax incentives and jobs programs); Government support of arts and/or sports; Health care policy; Income distribution; Insurance policy (E.G., government health insurance, disaster relief, etc.); Jobs retraining programs; Political Economy; Public utilities; Social Security; Tax policy; Tax reform

WEEKLY SCHEDULE (the schedule is tentative and may change. Some subjects may not be covered: some may be added.)

Week 1 (August 23)
Outline of course, Tools of positive analysis

Week 2 (August 30)
No class meeting: students work on research topics

Weeks 3 and 4 (September 6 and 13)
* Note: 2-3 sentence description of research topic due in class

1) Tools of normative analysis
2) Welfare economics
3) Why markets fail
4) Government failure
**Weeks 5 and 6 (September 20 and 27)**
1) Details on efficiency loss due to public goods and free riders
2) Details on efficiency loss due to "cost" and "benefit" externalities
3) The Coase Theorem
4) Government mechanisms that have potential to correct efficiency losses

**Week 7 (October 4)**
Introduction to Cost Benefit Analysis (CBA)

**Week 8 (October 11)**
1) First half of class: Mid-semester exam
2) Second half of class: CBA continued

**Week 9 (October 18)**
*Note: annotated bibliography due in class
CBA continued: Examples

**Week 10 (October 25)**
Introduction to the economics of taxation

**Week 11 (November 1)**
Economics of taxation, continued

**Week 12 (November 8)**
The personal income tax

**Week 13 (November 15)**
*Note: detailed outline due in class
The corporate income tax

**Week 14 (November 22)**
No class, Thanksgiving break

**Week 15 (November 29)**
Budgeting and government debt

**Standards of Academic Integrity** will be enforced. Students are responsible for observing the UNCC Code of Student Academic Integrity, which forbids cheating, fabrication or falsification of information, multiple submission of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Academic evaluation in this course includes a judgment that student work is free of dishonesty. Grades will be adversely affected by academic dishonesty. Students who violate the Code can be expelled. The normal penalty for a first offense is zero credit on the work involving dishonesty and substantial reduction of the course grade. In almost all cases the course grade is reduced to F. Students are expected to report cases of academic dishonesty.

The Belk College of Business strives to create an inclusive academic climate in which the dignity of all individuals is respected and maintained. Therefore, we celebrate diversity that includes, but is not limited to ability/disability, age, culture, ethnicity, gender, language, race, religion, sexual orientation, and socio-economic status.