Syllabus
Public Economics
ECON 6256 and PPOL 8709
Fall 2013

Tuesdays, 3:30 pm to 6:15 pm, Friday Building, Room 381

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Office Hours: 2:00-3:30 Tuesday
2:00-4:15 Thursday
and 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.

OBJECTIVES
To be more specific than the Course Description above, Public Economics studies the effects on the economy's real resources of governments' spending, taxing, and regulatory activities. The course begins with a review of the fundamental issues in Public Economics, namely Pareto efficiency (aka allocative efficiency and economic efficiency), market failures attributable to externalities and public goods, and the way these concepts define the economic role of the government. The course then proceeds to an in-depth discussion of Cost Benefit Analysis of government programs. Then we will work through a detailed study of the economic theory of taxation and how the theory compares with actual practice in the U.S. This section of the course will cover equity concepts as they apply to taxation and fundamental tax reform. Given sufficient time, we will cover government deficits and debt, and concepts of fundamental tax reform.

Among Public Economics issues we will not have time to cover in this class are economics of the arts; economics of education, economics of health care, economics of insurance, environmental economics, federalism, income distribution, local and club goods, mechanism design, public choice, social security, and voting. These are left for future study and research by interested students.

TOOLS
Theoretical tools: we will often use indifference curve analysis common in intermediate microeconomics. If it has been awhile since you studied intermediate micro, review the textbook (see below) Appendix on microeconomics before beginning to read the text proper.
Mathematical tools: a strong facility with calculus is a pre-requisite. From time-to-time we may use comparative statics, dynamic optimization, and general equilibrium analysis. I will introduce these tools as needed.

READINGS

Hardcopies of Public Finance should be available in the campus bookstore in late August. 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.

As well, I will assign academic and other articles as the class proceeds.
GRADES

Course grades are based on: 1) a mid-semester exam, 2) a final exam, and 3) homeworks. Each exam is worth 33% of the course grade. The remainder of the course grade is determined by homework grades. Homework assignments and their due dates will be provided in class.

EXAM SCHEDULE

Mid-Semester Exam, Tuesday, October 15
Final Exam, Tuesday, December 10, 2:00 pm (this differs from the time the class normally meets)

WEEKLY SCHEDULE of TOPICS and READINGS

This schedule is tentative. Topics covered as well as their timing are subject to change. Public Economics topics not listed below but that become part of the current policy debate may be added.

The readings listed below are in the Rosen/Gayer textbook. I will assign academic and other articles as the class proceeds.

Week 1 (August 20)
- Outline of course, basic tools of positive analysis
  Rosen and Gayer, Chapters 1 and 2

Week 2 (August 27)
- Normative analysis (aka welfare economics)
  Rosen and Gayer, Chapter 3

Week 3 (September 3)
- More on normative analysis: Market failure
  Rosen and Gayer, Chapter 3

Week 4 (September 10)
- Public goods, externalities, Coase Theorem, government policy
  Rosen and Gayer, Chapters 4 and 5

Week 5 (September 17)
- Continued discussion of public goods, externalities, Coase Theorem, government policy
  Rosen and Gayer, Chapters 4 and 5

Week 6 (September 24)
- Introduction to Cost Benefit Analysis (CBA)
  Rosen and Gayer, Chapter 8

Week 7 (October 1)
- Continued discussion of CBA
  Rosen and Gayer, Chapter 8

Week 8 (October 8)
- Fall break - no class: Prepare for the Mid-Semester Exam

Week 9 (October 15)
- Mid-Semester Exam and continued discussion of CBA
Week 10 (October 22)
Introduction to the economic theory of taxation
Rosen and Gayer, Chapters 14 and 15

Week 11 (October 29)
Continued discussion of tax theory
Rosen and Gayer, Chapters 15 and 16

Week 12 (November 5)
The personal income tax and behavioral responses to taxes
Rosen and Gayer, Chapters 17 and 18

Week 13 (November 12)
The corporate income tax
Rosen and Gayer, Chapter 19

Week 14 (November 19)
Budgeting and government debt
Rosen and Gayer, Chapter 20

Week 15 (November 26)
Fundamental tax reform
Rosen and Gayer, Chapter 21

Week 16 (December 3)
The property tax: Tie up loose ends
Rosen and Gayer, Chapter 22

Important: Read this! Standards of Academic Integrity will be enforced in this class. 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" (the World Book Dictionary defines plagiarism as a verb meaning to take as one’s own the thoughts, writings, or inventions of another, especially to take and use a passage … from the work of another writer), 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 an 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.