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. Public Economics is a vast field, so we can only touch on the foremost issues. Among the issues we will not have time to cover 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 dynamic optimization, and general equilibrium analysis. I will introduce these tools as needed.

READINGS
Required: Public Finance, 9th or 10th edition, by H. Rosen and T. Gayer (McGraw Hill publisher). 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.

A used copy of the previous (9th) edition will cost less than the 10th and is usable. The authors made some small changes in the 10th edition, but none will prevent a conscientious user of the 9th from keeping up with the class.
**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, Thursday, October 9
Final Exam, Thursday, December 11, **2:00 pm** (note the start time differs from the normal class time)

**WEEKLY SCHEDULE of TOPICS and READINGS**
This schedule is tentative. Topics covered as well as their timing are subject to change. Topics not listed below, but that become part of the current policy debate, may be added. In addition to the textbook readings listed below, I will occasionally assign academic and other articles.

**Week 1 (August 21 meeting)**
Outline of course, basic tools of positive analysis  
Read Rosen and Gayer, Chapters 1 and 2

**Week 2 (August 28 meeting)**
Normative analysis (aka welfare economics)  
Rosen and Gayer, Chapter 3

**Week 3 (September 4 meeting)**
More on normative analysis: Market failure  
Rosen and Gayer, Chapter 3

**Week 4 (September 11 meeting)**
Public goods, externalities, Coase Theorem, government policy  
Rosen and Gayer, Chapters 4 and 5

**Week 5 (September 18 meeting)**
Continued discussion of public goods, externalities, Coase Theorem, government policy  
Rosen and Gayer, Chapters 4 and 5

**Week 6 (September 25 meeting)**
Introduction to Cost Benefit Analysis (CBA)  
Rosen and Gayer, Chapter 8

**Week 7 (October 2 meeting)**
Continued discussion of CBA  
Rosen and Gayer, Chapter 8

**Week 8 (October 9 meeting)**
*Mid-Semester Exam* and continued discussion of CBA

**Week 9 (October 16 meeting)**
Introduction to the economic theory of taxation  
Rosen and Gayer, Chapters 14 and 15

**Week 10 (October 23 meeting)**
Continued discussion of tax theory  
Rosen and Gayer, Chapters 15 and 16
**Week 11 (October 30 meeting)**
The personal income tax and behavioral responses to taxes
Rosen and Gayer, Chapters 17 and 18

**Week 12 (November 6 meeting)**
The corporate income tax
Rosen and Gayer, Chapter 19

**Week 13 (November 13 meeting)**
Budgeting and government debt
Rosen and Gayer, Chapter 20

**Week 14 (November 20 meeting)**
Fundamental tax reform
Rosen and Gayer, Chapter 21

**Week 15 (November 27: no meeting)**
Give thanks! It's Thanksgiving Break

**Week 16 (December 4 meeting)**
The property tax: Tie up loose ends
Rosen and Gayer, Chapter 22

**Week 17 (December 11: final exam)**
Final Exam, 2:00 pm, not 3:30

*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.