

GEORGIA STATE UNIVERSITY
Economics of the Public Sector
Econ 8080
Fall 2008

Professor: Dr. Carter Doyle

Location: Classroom South 105

Class time: Mon. 4:30 p.m. - 7:00 p.m.

Email: ecocadx@langate.gsu.edu

Office Hours: Tuesday 8-9 a.m. and 5-7 p.m., and Thursday 8-9 a.m.

Office: Andrew Young School (14 Marietta Street, NW), Room 49A

Required Text:

Harvey S. Rosen, Public Finance (Richard D. Irwin, Inc.), 8th Edition.

Some extra material will be given out as we cover some special topics. This material includes articles and other assigned readings.

Course Description:

Analysis of the role of government in the economy. Survey of the problems of monopoly, government regulation, externalities, public goods, and income redistribution. Emphasis on measuring the output and costs of government services. Survey of public sector decision-making techniques such as benefit-cost analysis.

Requirements:

Prerequisites are ECON 2106 or PAUS 8141.

Course Learning Outcomes:

1. The student should be able to understand and describe a public good and evaluate public and private institutions and government policies addressing the public goods problem.
2. The student should be able to understand and describe production and consumption externalities and evaluate government policies to address problems arising from production and consumption externalities.
3. The student should be able to understand and describe why a market economy is likely to lead to an unequal distribution of income and evaluate the pros and cons of government efforts to redistribute income.
4. The student should be able to understand, describe, and evaluate expenditure programs for the poor.

5. The student should be able to understand, describe, and evaluate social insurance programs.
6. The student should be able to understand, describe, and evaluate cost-benefit analysis.
7. The student should be able to understand and describe the effects of taxes on the distribution of income (e.g., tax incidence theory).
8. The student should be able to understand and describe the effects of taxes on the efficiency of resource allocation (e.g., the theory of excess burden).
9. The student should be able to describe the major revenue sources (e.g., personal income tax, corporate income tax, deficit finance, taxes on consumption, and taxes on wealth), and evaluate their effects on individual and firm behavior.
10. The student should be able to understand, describe, and evaluate the principles of public finance in a federal system.

Evaluation:

First Exam (Chs. 1-5, 7, 9-12*) Mon., Oct. 6	30%
Second Exam (Chs. 6, 8, 14-16*) Mon., Nov. 3	30%
Comprehensive Final Exam (Chs. 17-22, and all previous material*) Mon., Dec 8 at 5 p.m.**	40%

*As well as all other course materials - articles, readings, etc.

**You must take the final exam at the university scheduled time.

Grade Scale

Exams are graded in a scale from 0 to 100%. The conversion to letter grades is the following:

95 - 100	= A
90 - 94	= A-
85 - 89	= B+
80 - 84	= B-
75 - 79	= C+
70 - 74	= C-
65 - 69	= D+
60 - 64	= D-
Less than 60	= F

Notes :

1. There will be no make-ups for missed exams. Makeup credit will be allowed only for serious reasons and with written verification. If your excuse is accepted, then the

final exam will count in place of the missed exam.

2. There may be revisions to the syllabus during the course. Make sure that you get informed about any changes that may take place.

3. Classes will be informal lectures and most of the theory and models will be explained using graphical analysis and math.

Attendance:

It is on your best interest to attend every class as materials will be covered fairly quickly. You will be responsible for all information given that is not included in the book and for the assigned readings.

Course Outline

A. From the required text (Rosen and Gayer) we will cover the material below. Some extra material – articles and other assigned readings, will be given out as we cover some special topics.

I. Facts about Government

II. Welfare Economics, Market Failure, and the Need for Government

III. The Theory of Public Expenditures

A. Public Goods

B. Externalities

C. Income Redistribution

D. Social Insurance

IV. Political Economy

V. Cost-Benefit Analysis

VI. Basic Principles of Taxation

A. Taxation and Incentives

B. Taxation and Income Distribution

C. Taxation and Efficiency

D. Taxation and Revenues

E. Efficient, Equitable, and Adequate Taxation: Optimal Taxation

VII. Revenue Sources

A. Individual Income Tax

B. Corporation Income Tax

C. Deficit Finance

D. Taxes on Consumption

E. Taxes on Wealth

F. Taxes on International Trade

VIII. Tax Reform

Other Issues

Academic Honesty: All students are expected to observe the university policy on academic honesty (i.e. cheating on a test, plagiarizing, etc.). All students are responsible for knowing and adhering to [GSU's Policy on Academic Honesty](#). You are responsible for familiarizing yourself with and adhering to this policy.

If you require special accommodations for exams (e.g., "time and a half"), you **MUST** provide documentation from [GSU Disability Services](#) and make arrangements with me **PRIOR** to the exam dates.

Students who withdraw after the midpoint of each term will not be eligible for a "W" except in cases of hardship. A student who withdraws after the midpoint of the term is assigned a grade of "WF," except in those cases in which (1) hardship status is determined by the [Office of the Dean of Students](#) because of emergency employment, or health reasons, and (2) the student is doing passing work, as determined by the student's instructor(s).

This course syllabus provides a general plan for the course; deviations may be necessary.