

Syllabus
Public Sector Economics
Spring Semester 2016
(Spring Mini-mester 1)
ECON 4400-005
(CRN 17877)
MW 8:00 am – 10:45 am
Aderhold Learning Center 012

Instructor: Mark Rider
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Office hrs: M 11:00 am – 12:00 pm (or by appointment)

Prerequisites: Principles of Microeconomics (ECON 2106)

Course materials:

Textbook: *Public Sector Economics*, Richard W. Tresch, Palgrave Macmillan Publishers.

Website: www.palgrave.com/economics/tresch

Assigned readings (available through ULearn):

- R1. Coase, R. H. (1960). "The Problem of Social Cost." *Journal of Law and Economics* 3: 1-44.
- R2. Coleman, Chelsea et al. (2013). "The Incentives Created by the Tax-Benefit System Facing Low-Income Families in Georgia." Fiscal Research Center Report no. 258. <http://aysps.gsu.edu/sites/default/files/documents/Rpt%20258FIN.pdf>
- R3: "The 2012 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," pages 1-22. <http://www.ssa.gov/oact/tr/2012/tr2012.pdf>
- R4. Tanzi, Vito (2010). "Tax Systems in the OECD: Recent Evolution, Competition and Convergence". International Studies Program work paper no 10-12, Georgia State University, Atlanta, GA, USA. <http://aysps.gsu.edu/isp/files/ispwp1012.pdf>
- R5. Rider, Mark (2011). "A Primer on Consumption and Income Taxes". Manuscript. Available on course homepage (D2L).
- R6. Tiebout, Charles M. (1956). "A Pure Theory of Local Expenditures." *The Journal of Political Economy* 64(5): 416-24.

Catalog description: This course explores issues related to expenditure and tax policies of governments, as well as views regarding the purpose of government and criteria for evaluating government actions. Various government expenditure programs, such as education and social security, and revenue sources, such as income taxes and property taxes, are then described and analyzed in light of the criteria. The course also includes a discussion of how group or collective choices are made within society, how environmental policies affect the level of pollution, and the importance of public debt.

Course objective: The goal of ECON 4400 is to develop a framework which the student may use to analyze the role of government in a market economy. This framework introduces the student to the economic way of thinking about the forces at work in society which guide economic policy.

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.

Method of instruction: ECON 4400 is taught through a combination of lecture, discussion, and examinations. Class interaction allows the students to discover the strengths and weaknesses of alternative policy recommendations.

Grading policy: There will be two take-home exams. Your course average (CA) will be computed by summing the numerical scores on the two exams and dividing the result by two. A final letter grade for the course will be assigned based on your course average (CA) calculated in the manner described above, and a letter grade assigned according to the table below.

Average	Final Grade
$97 \leq CA \leq 100$	A+
$93 \leq CA < 97$	A
$90 \leq CA < 93$	A-
$88 \leq CA < 90$	B+
$83 \leq CA < 88$	B
$80 \leq CA < 83$	B-
$78 \leq CA < 80$	C+
$73 \leq CA < 78$	C
$70 \leq CA < 73$	C-
$60 \leq CA < 70$	D
$CA < 60$	F

Make-up examination policy: **Make-up exams are not permitted under any circumstances.**

Attendance policy: Attendance is strongly recommended. Also, on some date after the mid-point of the semester (a date set by the Provost), students on the grade rolls but no longer attending the class may be given a grade of WF, and the last day of class that the student attended or turned in an assignment will be reported to the GSU administration.

Academic honesty: All university regulations, deadlines, and policies must be observed. In particular, students are expected to follow the GSU “Policy on Academic Honesty” (Section 409 of the Georgia State University Faculty Handbook).

Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State University. Upon completing this course, please take time to fill out the online course evaluation.

Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability Services of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which an accommodations is sought.

Tentative Course Schedule

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

No.	Date	Topic
1	Monday, Jan 11	L1: Review of microeconomics
2	Wednesday, Jan 13	L2: First Fundamental Theorem of Welfare Economics (chapters 1 & 2)
*	Monday, Jan 18	University Official Holiday; no classes
3	Wednesday, Jan 20	L3: Distributive justice (chapters 3, 4 & 5) Exam 1 distributed by D2L (covers L1 – L3)
4	Monday, Jan 25	L4: Externalities (chapters 6 & 7 and reading no. R1) Exam 1 due at beginning of class
5	Wednesday, Jan 27	L5: Nonexclusive goods (chapter 8) Return exam 1
*	Friday, Jan 29	Last day to withdraw from mini-mester 1
6	Monday, Feb 1	L6: U.S. transfer payments (chapter 11 & reading no. R2)
7	Wednesday, Feb 3	L7: Social insurance: Social Security (chapter 12 & reading no. R3)
8	Monday, Feb 8	L8: Tax policy – International trends (reading no. 4) Tax policy - equity (chapter 13)
9	Wednesday, Feb 10	L9: Tax policy - efficiency (chapters 14-16)
10	Wednesday, Feb 17	L10: Value added taxes (assigned reading no. 5)
11	Monday, Feb 22	L11: Fiscal federalism (chapter 21 & reading no. 6)
12	Wednesday, Feb 24	L12: Fiscal federalism (chapter 22-23) Take-home final exam distributed by D2L
*	Friday, February 26	Final exam due to professor in AYS 552 8:00 am – 10:30 am Aderhold Learning Center, room 012
*	Tuesday, March 1	Grade submission deadline by 5:00 pm.
*	Wednesday, March 2	Grades available to students for Spring 2016 mini-mester 1 classes at 9:00 am

* Important dates are indicated by an asterisk.