

Public Finance

Econ 330-001, Fall 2017

Instructor: J.D. Bridges

Class Time: Tuesdays, 7:20-10:00 PM

Class Location: 224 Planetary Hall

Office Hours: By appointment

Email: jbridge2@masonlive.gmu.edu

Course Overview

This course covers intergovernmental financial relationships; types, incidences, and consequences of taxation; other sources of governmental income; governmental expenditures and their effect; public economic enterprises; public borrowing; and debt management and its economic effect.

Textbooks and Readings

Holcombe, Randall (2006), Public Sector Economics: The Role of Government in the American Economy, Prentice-Hall: New York. ISBN-13:9780131450424

Buchanan, James (1975), "Public Finance and Public Choice," *National Tax Journal* 28(4), pp. 383-394.

Coase, Ronald (1960), "The Problem of Social Cost," *Journal of Law & Economics* 3, pp. 1-44.

Course Prerequisites

ECON 306 (Intermediate Microeconomic Theory) or permission of instructor.

Grading

Course grades are based on 5 (random) quizzes on readings, a mid-term exam, a final exam and a policy analysis paper. The assignments are weighted as follows:

Quizzes	10%
Mid-Term Exam	30%
Final Exam	40%
Policy Analysis Paper	20%

Study guides will be made available before each exam. Late work will not be accepted and there are no make up quizzes or exams.

Policy Analysis Paper

Students will analyze a fiscal or public policy problem of their choosing and recommend a solution incorporating concepts discussed in class. Students are encouraged to discuss their papers with me throughout the semester. Papers are due the last day of class (December 5, 2017).

Disability Resource Center

If you are a student with a disability requiring academic accommodation, you will need to contact the Disability Resource Center (703-993-2474). All academic accommodations must be arranged through that office.

Honor Code

Students must know and follow the George Mason University Honor Code.

Schedule (Subject to Change)

Date	Topic	Reading
8/28/2017	Intro and Economic Analysis Competitive markets, marginal cost and benefit, surpluses and shortages, elasticities	Holcombe 1 Buchanan (1975)
9/5/2017	Efficiency Pareto vs. Kaldor-Hicks efficiency, allocative and productive inefficiency, welfare analysis	Holcombe 2,3
9/12/2017	Taxation I The effect of taxes on prices and output, neutrality, incidence, shifting, excess burden	Holcombe 10
9/19/2017	Taxation II Progressive, regressive, proportional, and sumptuary taxes. Discussion of income taxation	Holcombe 11,13
9/26/2017	Public Debt Government's budget constraint, fiscal choice, Ricardian equivalence, intergenerational transfers	*Reading to be provided
10/3/2017	Mid-Term Exam	

10/10/2017	No Class (Monday Classes meet Tuesday)	
10/17/2017	Externalities Positive and negative externalities, Coase Theorem	Holcombe 4 Coase (1960)
10/24/2017	Public Goods Public vs. private goods, the optimal supply of public goods, Lindahl pricing, Tiebout model	Holcombe 5
10/31/2017	Regulation Asymmetric information, monopoly, regulatory capture	Holcombe 6
11/7/2017	Stabilization Business cycles, monetary vs. fiscal policy	*Reading to be provided
11/14/2017	Redistribution Justifications for redistribution, the effects of redistribution on incentives	Holcombe 18,19
11/21/2017	Collective Decision Making Pareto principle and unanimity, clubs, choice among constitutions	Holcombe 7
11/28/2017	Public Sector Demand Median voter model, cyclical majorities, information and incentives, efficiency	Holcombe 8
12/5/2017	Supply and Demand in Political Markets Special interests, logrolling, agenda control, rent seeking	Holcombe 9 *Papers Due
12/19/2017	Final Exam *(7:30-10:15PM)	