

Syllabus Economics 1480 Public Economics Fall 2007

Basic Information

Prerequisite: ECO1110 or 1130

Textbook: Rosen, *Public Finance*, 7th edition

Professor Information

Professor: Brian G. Knight

Office: Robinson 102C

Office phone: 863-1584

Office hours: 10:00am-11:00am Wed/Thurs

E-mail: Brian_Knight@brown.edu

TA Information

Chun-Fang Chiang

Office hours: 1:00pm-3:00pm Monday

E-mail: Chun-Fang_Chiang@brown.edu

Sections meet Fridays at 12pm (102 Wilson) and 3pm (201 Rhode Island Hall).

No sections during first week

Scheduling

Meets Tue/Thu 2:30pm-3:50pm

Smith-Buonanno Hall G18

Midterm #1 in-class on October 11

Midterm #2 in-class on November 13

Final exam December 19 at 2pm

Homework

There will be frequent homework assignments. Homework will be distributed in class one week prior to the due date. Homework is due at the *beginning* of class on the due date. I plan to distribute the answer key soon after the due date and thus will *not* accept late homework.

There are three possible grades on the homework:

0 – not turned in on time

1 – turned in on time, but incomplete or carelessly done

2 – turned in on time, complete and thoughtful

Weights for Course Grades

Homework	15%
Midterm #1	25%
Midterm #2	25%
Final exam	35%

Course Description

This course examines the role of government in private economies. Under ideal market conditions, competition promotes economic efficiency via Adam Smith's "invisible hand", leaving little role for the government. In some cases, however, markets fail and government intervention may be desirable. Market failures to be analyzed include public goods and externalities. In addition to these market failures, the government may have a role in the redistribution of income. The course then examines the financing of such government interventions. Tax systems should be designed to enhance economic efficiency and to promote an equitable distribution of income.

Course Outline

The course is divided into five (unequal) parts:

1. Review of Welfare Economics (Rosen 1-3 plus Appendix)
2. Market Failure – Public Goods and Externalities (Rosen 4,5,6)
3. Income Redistribution (Rosen 7,8)
4. Analysis of Tax Revenues (Rosen 12-16)
5. Special Topics: Deficits and Fiscal Federalism (Rosen 18,20)

Hints for success

I recommend that you *not* simply memorize the lecture notes, textbook chapters, and homework answer keys. You will learn the course material only by applying, analyzing, and synthesizing the course material. In studying for exams, you may wish to attempt to re-work models presented in class and homework assignments using different formulations.