

ECONOMICS OF THE PUBLIC SECTOR

ECON 421

Maymester 2008

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Assistant Professor

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Texts	Grading	Course outline	HW Assignments	Midterms	Final
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Course description

What is a government? What do governments do and why?

We will study the way governments manage

understanding why governments exist and why

normative questions. What is the effect of government

will address the following questions:

Academic Requirements

The course is based on Econ 3070 and Econ 3080. Masterboard of the material covered in the

pre-requisites is available at www.fredmich.com

be able to solve homework assignments and exams (written or oral)

or an exam) should contain a concise verbal explanation

argument (either an algebraic or a numerical example or a graphical illustration)

Attendance

Attendance is required. Students who miss more than six classes (for

passing)

Schedule

All exams are given as scheduled. Students who miss

are no make-up exams.

Homework assignments have a strict deadline of one week after the

lecture. Late submissions receive zero credit.

Additional Accommodations

If you qualify for accommodations based on a disability, please submit

Services in a timely manner so that we can make the necessary

accommodations.

documented disabilities. Contact: 303.402.8671, Willard 322 and

<http://www.fredmich.com>

On the Honor Code

All students of the University of Colorado at Boulder are expected to uphold the highest standards of academic integrity. Policy 57, the institution's honor code, states that violations of this policy may include: cheating, plagiarism, aid of academic dishonesty, fabrication, and other forms of academic dishonesty. All students who are found to be in violation of this policy will be subject to sanctions from the faculty member involved and non-academic sanctions given by the Honor Code Council (including suspension from the University). For more information, please visit www.colorado.edu/honorcode or view the student handbook. If you have any questions related to this policy, please contact the Honor Code Council at honorcode@colorado.edu.

Homework Assignments

Number	Assignment
1	Use "Census of Government Expenditures and Revenues" charts" (1) the state of Colorado government expenditures (2) the state of Colorado government revenues Hint: use broad categories Compare to the average state (see the appendix in chapter 1). Submit your answers to the following questions in a separate document. answer.
2	Download the PDF
3	Download the PDF
4	Solve the sample midterm
5	Download the PDF
6	Download the PDF

[Sample midterm](#)
[Midterm solution](#)
[Sample final](#)
[and some solutions](#)

Texts

Required text: *Principles of Economics*, 7th Edition, by Mankiw, Taylor, and Krashinsky. ISBN: 0-321-46460-1

Connect to the [textbook website](#) for additional information.

Suggested Readings:

Course outline

Note: The last column refers to the chapters of the textbook that are used.

Part 1. INTRODUCTION AND THE TOOLS

Class 1	Introduction: Government and Glances	Chapter 1
Class 2	Tools of normative and positive analysis. Fairness and efficiency	Chapters 2-4 Slides: Empirical tools
Classes 3, 4	The theory of Public Goods and Externalities. Coase Theorem.	Chapters 5, 7, Slides: Externalities
Class 5	Uncertainty and Social Insurance	Chapters 11, 12 Slides: Moral Hazard and Adverse Selection Unemployment Insurance
Class 6	Cost-Benefit Analysis	Chapter 8

MIDTERM EXAM is on Tuesday, May 20, 2008 at the regular class time

Part 2. PUBLIC POLICY

Class 8	Group project 1. Public Education Summary prepared by the education group Group project 2. Welfare programs Summary prepared by the welfare group	Chapters 12, 13
Class 9	Group project 3. Social Security Summary prepared by the social security group Group project 4. Healthcare Summary prepared by the healthcare group	Chapters 14, 17 Chapters 15, 16

Part 3. TAXATION

Class 10	Tax Design: Tax Incidence and Efficiency	Chapters 18, 19, 20, 21
Class 11	Taxation in the U.S., U.S. Income tax	Chapter 21

Part 4. FEDERALISM AND POLITICAL ECONOMY

Class 12	Political Economy and Selection of Public Projects. Federalism.	Chapters 22, 23 (Aggregation of Preferences)
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Slides (Positive Political
Economy: ...)

Class 13

Is There an Ideal Government

Review. REVIEW

are on... are on Reserve at...

The textbook

Final Exam