SYLLABUS

Department of Economics          A. Laramie
EC365                             Fall 2012
Public Finance                     Boston College

Office Hours: Office: Maloney Hall, 21 Campenalla Way, Room 480C; Office Hours: Tuesdays and Thursdays 12:15 pm to 1:15 pm; E-mail: laramiea@bc.edu.

Course Objective: This course examines the functions of government in practice and in theory. The appropriate role for government, how government finances it expenditures, and who benefits or is burdened by government budget and regulatory decisions are discussed.

Required Readings: Richard W. Tresch, Public Sector Economics, Palgrave Macmillan. For supplemental materials, including chapter summaries, end of chapter questions and case studies (examples), see: http://www.palgrave.com/economics/tresch/students/index.html

Course Outline:
I. Introduction to the study of Public Finance
   A. Foundations of Public Sector Theory
   B. Market Failures
   C. An overview on the structure, size and cost of government
   D. The Fundamental Theorems of Welfare Economics
II. Public Expenditures Theory and Policy
   A. The Social Welfare Function and the Quest for Distributive Justice
   B. Applying the Social Welfare Function
   C. The Theory of Externalities
   D. Externalities: Policy Considerations
   E. Public (Nonexclusive) Goods
   F. U.S. Transfer Payments
   G. Practical Issues In Designing Transfers to the Poor
   H. Social Insurance: Social Security and Health Care
III. Tax Theory and Policy
   A. Taxation and income distribution
   B. The Ability to Pay Principles: Federal Personal Income Tax
   C. Taxation and efficiency
   D. Efficient and equitable taxation: Trade-offs
   E. Tax Incidence
IV. Conclusion

Attendance: Attendance will be taken at the beginning of every class. Regular attendance is expected.
Classroom Etiquette: Students need to arrive to class on time, and remain seated during the class period. In case a student needs to leave the classroom during the class period, the student is allowed to leave, but the student will not be readmitted until the class period is over. The use of electronic devices, such as cell phones, is prohibited during class time. The use of computers is prohibited during class time, unless the appropriate college officer recommends computer use, as a means to take notes, as a reasonable American Disabilities Act learning accommodation. Handheld calculators are allowed in the classroom. Cell phone calculators are not allowed in the classroom. Failure to adhere to these standards can result, at my discretion, in a reduction in the final course grade.

Academic Integrity: "Academic integrity is central to the mission of higher education. Please observe the highest standards of academic integrity in this course. Please review the standards and procedures that are published in the university catalog. Make sure that the work you submit is in accordance with university policies. If you have any questions, please consult with me. Violations will be reported to the Deans' Office and reviewed by the College's Committee on Academic Integrity. Violations could result in failure in the course or even more severe sanctions." (letter from Joseph Quinn)

Grading: Grading is based upon two semester exams, and a final exam. Each semester exam's grade weight is 30%. The final exam's grade weight is 40%. The final exam is cumulative.

Tentative assignment schedule:
Week of: Assignment
9/4 Introduction
         Chapters 1 and 2
9/11 Chapter 3
         Chapters 4
9/18 Chapter 4 continued, Chapter 5
9/25 Chapters 6
10/2 Chapter 7
10/9 Exam 1, Chapters 1 - 7
         Chapter 8
10/16 Chapter 9
10/23 Chapters 10 and 11
10/30 Chapter 12
11/6 Chapter 12 continued
11/13 Exam 2, Chapters 8 - 12
         Chapter 13
11/20 Chapter 13 continued, Chapter 14
         Thanksgiving Break (no classes Thursday)
11/27 Chapters 15
12/4 Chapters 16
         Chapter 18

Final Exam schedule: Monday, December 17, 9:00AM