Econ 710  
Public Economics  
Fall 2012  
Prof. Kangoh Lee

In addition to the book, the course relies on research articles published in economic journals. Most of the articles can be electronically downloaded from the SDSU library website. Important articles are listed at the end of this syllabus, but the list may be adjusted if necessary.

2. **Course Description:** This course mainly studies public goods, externalities, public choice, taxation, and income redistribution. The focus is on efficiency and equity of resource allocations with and without government intervention, and on their implications for economic and social policies.

3. **Course Objectives/learning outcomes:** This course is intended to help students understand the effects of government intervention on efficiency and equity of resource allocations, and their implications for government policies. Upon completion, students should be able to analyze and evaluate government policies in terms of efficiency and equity.

4. **Topics to cover:** see the attached list of possible topics.

5. **Office and Hours:** Office Adams Humanities 4198, 619-594-8496, klee@mail.sdsu.edu  
Office Hours: 10:00 a.m. – 12:00 p.m. and 1:30 p.m. -2:30 p.m. on M&W,  
10:45 a.m. – 12:00 p.m. and 3:15 p.m. -4:00 p.m. on T&TH,  
and by appointment

6. **Blackboard:** the course will use the university blackboard, and basic course information will be placed on the blackboard. Students will need to register for a blackboard account.  
A. **Lecture Plans and Exam Information:** Lecture plans and lecture outlines/slides will be posted each week, which will give students an idea of what to cover and help them prepare for the class. I will also post upcoming exam information.

B. **Homework Questions:** Homework questions will be posted.

7. **Grade:** The course grade depends on the exam scores (two hourly exams and the final exam), homework questions, and research critique. The weight of each component is as follows: 1st hourly exam (15%), 2nd hourly exam (15%), final exam (20%), homework questions (40%), and research critique (10%). If the weighted average is 93.3 (90) or above, the course grade will be A (A-). If 86.7 (83.3, 80) or above, B+ (B, B-). If 76.7 (73.3, 70) or above, C+ (C,C-). If 66.7 (63.3, 60) or above, D+ (D, D-). If 59 or below, F.

Cheating, Plagiarism, and other forms of academic dishonesty will not be tolerated, and will be handled according to the university policies.

8. **Exams:** open book and open notebook  
(1) The exam schedule is as follows;
First Hourly Exam: 2:00 – 3:15 p.m., October 11, 2012 (Thursday) in class

Second Hourly Exam: 2:00 -3:15 p.m., November 15, 2012 (Thursday) in class

Final Exam: 1:00-3:00 p.m., December 13, 2012 (Thursday)

(2) The final exam is comprehensive (cumulative) and covers all the topics and material discussed throughout the semester.
(3) If one does not take a mid exam, and if one gives me a note stating the reasonable reasons, the unused weight will be added to the final exam. This rule does not apply to the final exam, and one must take the final exam to earn a credit.

9. Homework Questions: at the end of each chapter, homework questions will be assigned, and collected, and graded. Homework questions are an important part of the course requirement, and student should treat homework questions as such.
(1) Homework questions should be completed individually by each student, and are not a group project. A student should not see or copy another student’s homework solutions. However, students may discuss the main points and ideas of homework questions if they are stuck. If I decide that one student sees or copies another’s answer, or if two or more students use a similar way of solving homework questions, those students will get no credit, regardless of who borrows or copies. More importantly, many exam questions will be based on homework questions, and it is important to know how to solve homework questions.
(2) Late policy: 20% reduction of the grade if it is one-day late, and 40% reduction of the grade if it is two-day late, and no grade after that. Exceptions can be made for documented reasons. This policy is not negotiable under any circumstances.

10. Research Critique: each student is required to write a research critique on a public economics research article that must be related to class discussion and published after 2005. In addition, I strongly recommend you to choose an article from the journals listed below. An essay based on gut feeling or general feeling will not be accepted. You should not summarize the article, and there will not be any credit for the summary. The critique should be scientific and based on sound economic reasoning and argument, and the chosen article should be related to class discussion. The critique should be also specific. That is, when you criticize, you need to mention specific equation numbers or paragraph numbers or page numbers. You need to demonstrate that you understand the weakness or deficiency of the article in terms of economic analysis, and propose how to improve the article. The best way to write a critique is to think of you as a referee, who should write a report to a journal editor.


It is important to realize that you have to choose an article you can understand, because otherwise you cannot criticize it. If you are not sure that your choice of article is a right one, you may discuss your choice with me before you start writing.

(2) There is no restriction on the length of the critique, because your grade depends on the content and rigor of the critique, not on the length of the critique. It would be hard to write a more-than-three-page (single spaced) terse analytical critique.

(3) Each student should choose an article and write a critique independently. If two or more students choose the same article, those students will get no credit.

(4) Deadline: submit your critique by the beginning of the December 6, 2012 (Thursday) class. You may submit it anytime before the deadline, and this deadline is not negotiable.

(5) Attach a photocopy of the article to your critique.

(6) List all the references correctly, so that I can verify them.

(7) Assignments should be students’ own work, and plagiarism and other forms of academic dishonesty will be punished to the maximum possible extent.

11. Attendance: Attendance is not required. However, all exams and homework questions will be based on lectures to a considerable extent, and students are strongly advised to attend.

Tentative Topics to Cover

0. Orientation, and course requirements

1. Efficiency and equilibrium: Ch 2
   (1) basic notion of efficiency and equilibrium: 2.4.2 – 2.4.4

2. Public goods: Ch 5
   (1) Notion of public goods: 5.1, 5.2
   (2) Efficient provision of public goods: 5.4
   (3) Private provision of public goods: 5.3
(4) Mechanisms for achieving efficiency: 5.7

3. Public Choice and Bureaucracy: Ch 4
   (1) Bureaucracy basics: 4.4

4. Public Choice and Voting: Ch 5 and Ch 10
   (1) Voting equilibrium basics: 5.5, 10.1-10.4.

5. Club goods and local public goods: Ch 6
   (1) basics: 6.1, 6.3.1
   (2) Clubs and the economy: 6.4.1, 6.4.2
   (3) Local public goods and the Tiebout hypothesis: 6.5, 6.6

6. Externalities: Ch 7
   (1) basics: 7.1, 7.2
   (2) efficiency and polices
   (3) examples: 7.4.1, 7.4.5

7. Rent seeking: Ch 11
   (1) basics: 11.1, 11.2, 11.3.1, 11.3.2
   (2) applications: 11.6.1
   *Murphy, Shleifer, Vishny, “The allocation of talent: implications for growth,” Quarterly Journal of
8. Income taxation: Ch 15
   (1) basics: 15.5, 15.6
   (2) optimal income taxation

9. Tax Enforcement: Ch 16
   (1) basics: 16.3, 16.4
   (2) Basic research articles

10. Asymmetric Information: Ch 9
    (1) basics: 9.4, 9.5
    (2) signaling: 9.6
    (3) Moral Hazard: 9.7

11. Commodity taxation: Ch 14
    (1) basics: 14.5
    (2) optimal commodity tax

12. Redistribution and In-Kind Transfers


13. Cost-Benefit Analysis, Tax Competition, Dynamic issues (to be announced if time permits)