

ECO 4504
Spring 2019
MAT 7
M W 1:55 – 3:50 pm

Steven Slutsky
Office: MAT 338
Phone: 392-8106
email: slutsky@ufl.edu
Office Hours: T 2:00 - 4:00

Public Economics

Text: Economics of the Public Sector (4th Edition), by Joseph Stiglitz and Jay Rosengard

Exams: There will be a midterm and a final, each counting for 1/2 of the grade. The final is at 3:00 pm on Tuesday, April 30.

Homework: At various points during the semester, some homework problems will be assigned. Extra credit points will be given for these when the final grade is computed.

Public economics looks at government spending and taxation policies in the context of a market economy. The course will first review the operation of a market economy with no imperfections. In that context, the only role for government would be for distributional purposes. Then we will consider how market imperfections can create a role for government consumption and production. Once the government engages in such activities, the mechanisms by which it makes decisions become important. These can be done by democratic procedures or by more technocratic processes such as cost/benefit analysis. The general analyses developed to this point will then be applied to consider specific government programs such as defense, health, and education. The course then turns to a positive and normative analysis of the tax instruments the government can use to fund its various programs.

Syllabus

- I. Overview of the Public Sector
 Chapters 1 & 2

- II. Review of Welfare Economics
 Chapters 3, 4, & 7

- III. Public Goods and Externalities
 Chapters 5 & 6

- IV. Public Production
 Chapter 8

- V. Mechanisms for Allocation
 Chapters 9, 10, & 11

- VI. Analysis of Specific Programs
Chapters 12 – 16

- VII. Taxation Theory
Chapters 17 – 21

- VIII. Particular Taxes in Practice
Chapters 22 – 25

Depending upon how rapidly we go, not all of the sections will be covered in full. Everything in sections I to V will be covered. In sections VI and VIII there is likely to be time to analyze only some of the specific programs or taxes.