Text:

Prerequisites:
The courses ECON 200, ECON 201, MATH 105 or 120, or permission of instructor are prerequisites. It will benefit you to be familiar with micro and macro principles. If it has been a while since you have taken these courses I suggest you get a principles of economics text to review this material as necessary. Students who have not taken Microeconomics Analysis (ECON 317) will be exposed to some of the basic theory and techniques.

Course Description:
Public finance is a study of the economics of public goods, externalities, and public choice theory. Students will examine the cost and benefit analysis of taxation and expenditures. Public decision making at all levels of government will be examined, and the intervention of government into the market economy.

Course Objectives:
Public finance covers the fundamentals of public goods theory, the analysis of government revenues and expenditures, and the effects of taxation. Political decision making at all levels of government will be examined. Students will become acquainted with the economic activities traditionally carried out by government and investigate the intervention of government into the market economy. Specifically, we will be discussing the cases of market failure and public goods, externalities, and public choice theory.

School of Business Learning Goals:
Communication skills - Students will demonstrate the ability, via both written and spoken word, to effectively present, critique, and defend ideas in a cogent, persuasive manner.
Synthesis - Students demonstrate the ability to integrate knowledge from multiple disciplines incorporating learning from both classroom and non-classroom settings in the completion of complex and comprehensive tasks.

Course material:
The organization of the lectures will follow the outline below. Besides the text you will be responsible for outside readings. These reading will be available on OAKS. You are responsible for this material in addition to the text, and should be prepared to engage in discussions. In addition, the lectures may contain applications that are not presented in the text and readings. Students should check the OAKS website on a regular basis for announcements, exam information, and assignments. Students should read the text and articles before class to be able to participate in class discussion. Your participation will be part of your grade and often benefits both the professor and other students. Do not hesitate to ask questions or offer comments.

Examinations and Grading:
Exams: Two mid-term exam and a final exam will be given over the semester. The exams will consist of essay questions/problems. Anyone who misses an exam with a legitimate written excuse will have that exam dropped from the calculation of the final grade. Thus, the remaining assignments will have
a greater weight assigned to them. A missed exam without a legitimate written excuse will be scored as a zero. Excuses must be acquired from the Associate Dean of Students’ office located in room 101 of the Lightsey Center or online at http://victimservices.cofc.edu/absence-memo/absence-memo-request-form-2018-july.pdf. Students will need documentation for health, personal or emergency situations. You must take all the exams on the dates and times listed. No make-up exams will be given! Please do not wait until the end of the semester to talk to me about concern for your exam performance. I am always willing to help outside class when possible.

Writing Assignments:
Policy Memo Guidelines
A policy memo is a document that is written to provide analysis and/or recommendations for a particular audience (generally a policymaker) regarding a particular situation or problem. Your policy memo should be written to a policymaker that you are trying to convince to support your position on some public finance issue. Early in the memo, concisely state what you propose, and a bulleted list of reasons why the policymaker should support your proposal. Then explain your reasoning using economic theory and empirical evidence. You must also address potential objections to the proposal. The memos must be a maximum of 2 pages. While not a normal part of a policy memo you will also include a separate page for references, which will follow the Chicago Manual of Style. The memo must be typewritten and follow the specific formatting guidelines noted below. The policy memo will have two due dates a draft date and a final date. The draft date will be for peer-review (see Peer Review Guidelines), so you must provide your reviewer at least three days to review and provide feedback before you turn in the final version, which should address the peer-reviewed comments. Both the memo and the peer reviewed comments must be turned in through dropbox on OAKS. Memos are scored out of 100 points (see Grading). Late papers will be marked down 10 points for every day they are late. Papers are considered late if turned in after 5:00 pm on the final due date.

Example Topics (These are merely suggestions students are not limited to this list):

Tax Policy Issues
- Marriage tax
- Social Security taxes
- Capital gains taxes
- Inheritance tax
- Gambling taxes
- Property taxes
- Corporate income tax
- Consumption tax (Fair tax)
- Income tax (Marginal tax rates, Withholding)
- Flat tax
- Excise taxes
- Windfall profit tax

Institutional Policy Reforms:
- Privatizing Social Security
- Privatizing Highway Construction
- Welfare Reform
- Nationalization of Healthcare Industry
- Nationalization of Petroleum Industry
- Energy or environmental policies
- Primary voting in elections
- School choice or vouchers
- Repeal of the 17Th Amendment
- Campaign Finance Reform
- Balanced Budget Amendment
- Tax and expenditure limits

Examples of format and styles are provided at the following links:
Writing effective policy memos
Policy Memo Tips
More Policy Memo Tips
These links are also in the content section on OAKS.

Guidelines for Op-Ed Assignment
Keep in mind an Op-Ed is an opinion piece and is generally designed to offer a different position then what might appear in the editorial section of a publication, usually written by an expert in an industry or a subject area. Op-Eds are written to educate members of the public about an issue.
The Op-Ed assignment is a complementary assignment to the policy memo assignment. Using the same topic as your policy memo you will write an Op-Ed article. Be clear and concentrate on the main point of the policy. The Op-Ed needs to be concise no more than 850 words double spaced. State the facts of your position. The article should be interesting to catch the reader's attention and should keep it until the end. Open with an interesting fact or strong statement and keep your points as interesting as possible. Below are links that provide tips, information on the structure, and formatting of the Op-Ed. These links are also in the content section on OAKS. The Op-Ed will have two due dates a draft date and a final date. The draft date will be for peer-review (see Peer Review Guidelines), and the final date will be when the final version is due after addressing the peer-reviewed comments. Op-Eds are scored out of 100 points (see Grading below). Late papers will be marked down 10 points for every day they are late. Papers are considered late if turned in after 5:00 pm on the final due date.

5 Easy Steps for writing an op-ed
How to write and op-ed
Tips for Op-Ed Writing

Op-Ed Format:
Lead (Around a news hook)

Thesis (Statement of argument – either explicit or implied)

Argument: Based on evidence (such as stats, news, reports from credible organizations, expert quotes, scholarship, history, first-hand experience)
- 1st Point
  - evidence
  - evidence
  - conclusion
- 2nd Point
  - evidence
  - evidence
  - conclusion
- 3rd Point
  - evidence
  - evidence
  - conclusion

“To Be Sure” paragraph (in which you pre-empt your potential critics by acknowledging any flaws in your argument, and address any obvious counter-arguments.)

Conclusion (often circling back to your Lead)

Guidelines for Peer-Review
There are two assignments on which you are expected to provide your peer-review: the policy memo and the Op-Ed. Students will voluntarily pair up (the professor will provide assistance if necessary) to provide feedback and evaluate each other's work.

Students should evaluate each other's work based on the criteria on which they will be graded and should provide constructive criticism on how to improve the assignments. Student reviewers should first focus and comment on the positive aspects of their peer’s work e.g. is it well written, is the topic interesting, and is the argument grounded in fact. Then, peer reviewers should provide substantive suggestions for improvement based on the assessment criteria provided. This web page has some suggestions on the Peer Review Process.

Policy memos and Op-Eds will be turned in on the draft due date to the professor and their peer reviewer. Student will have one week to review, write up comments, and address the reviewer’s comments for final
version. Do not wait until the last minute to provide the author with comments, be sure to allow enough
time to revise and ask questions about your comments.

Students will be graded using the criteria below, which includes how well they incorporate the comments
from the reviewer. Students must turn in both the peer review and the final version on the final due date. Failure to provide comments will result in a loss of 5 points off of the reviewer’s assignments.

Grading:
Policy memos and Op-Eds will be graded based on the following criteria. Included in these sections is
how well you incorporated the peer-reviewed comments. **Failure to provide peer-review comments to
another student will result in the loss of 5 points from your policy memo and Op-Ed final grade.**

- **Content and quality of the argument - 80%**
  - Is the policy being proposed clear and concise?
  - Application of the policy from economic theory
  - How well did you provide evidence to support your policy
  - How well did you outline implementation of the policy
  - How well did you address possible concerns

- **Spelling, grammar, and style are important - 10%**
  - Additional tips:
    - There is a difference between writing concisely without technical jargon and writing in a casual or
colloquial style. Avoid writing in a colloquial style.
    - Avoid using contractions.
    - Avoid starting sentences with “and” or “but”.
    - Use positive (e.g. think, argue, will) rather than normative language (e.g. believe, feel, should)
    - Avoid using passive voice

  - Points off for spelling, grammar and style errors
    - 1-3 errors – 2 points off
    - 4-6 errors – 3 points off
    - 7-10 errors – 5 points off
    - Greater than 10 errors – 8 points off

- **Format – 10%**
  - The formatting should follow the guidelines noted above and provided at the Writing effective
policy memos and Basic Op-Ed Structure links.

**Writing Lab:**
I encourage you to take advantage of the Writing Lab in the Center for Student Learning (Addlestone
Library, first floor). Trained writing consultants can help with writing for all courses; they offer one-to-one
consultations that address everything from brainstorming and developing ideas to crafting strong
sentences and documenting sources. For more information, please call 843.953.5635 or visit
http://csl.cofc.edu/labs/writing-lab/.

**Discussion Participation:**
On Tuesday of each week we will discuss academic articles and other materials in class. Each student
will be responsible for leading our discussion on those discussion days. Your task, detailed below, will be
to come to class prepared and ready to pose questions we might discuss, or point us to passages in the
readings that you found particularly interesting or challenging. You should also frame your questions or
the passages of interest in terms of any connections you see to earlier readings or other relevant issues.
Format and Rules for Structured Discussions

General Information:
Discussions will begin promptly at the start of class and run 75 minutes. Please come on time and prepared to sit for that length of time. If you do need to step out, try to do so quietly. Please sit around the table and not in the chairs along the wall. Students will be assigned specific seats with the placement of nameplates. Nameplates are used to encourage mutual reference between discussion participants, e.g., “I want to respond to something John said earlier…”

Discussion Rules:
The discussion will begin with the instructor outlining some major themes, drawing connections to earlier lessons, or placing the work into context. The day’s Discussion Leader (DL) will highlight some points within the reading and posing questions to which discussion participants might wish to respond. Those introductory remarks should take no more than 10 minutes, leaving the balance of the discussion time for participants to respond to those queries, present your own questions, and respond to other discussion participants. This means that you are duty-bound to come prepared, with the text read very carefully, with notes and/or questions written down so that you can contribute to a lively and engaged discussion.

After the DL finishes introductory remarks, the “queue” is then open for participants to respond and/or pose their own questions. I will keep the queue and acknowledge whose turn it is to speak. You may indicate your interest in making a comment by raising your hand upward. If, while another discussion participant is speaking you decide that you would like to make your own points, you should “catch my eye” by raising your hand quietly, and wait for a silent nod indicating that you have been placed on the queue. I will periodically remind everyone who is in line to speak.

If discussion participants wish to make a very brief comment that pertains to something that was just said, you can be put on the “brief comment” queue which allows you to get your short point in right away before the conversation moves too far beyond the specific issue being raised. Participants wishing to be put on the short comment queue indicate this by putting their finger and thumb together (as if to say, “this will be short, I promise.”) A position within the brief comment queue does not eliminate a position in the main queue. This helps to assure that brief comments remain brief and that participants will have time to articulate their longer points when their turn in the long comment queue comes around.

I may participate in both queues, but I will have to abide by the same rules as everyone else (i.e., I have to wait my turn just like everyone else). I also reserve the right to change the order of the queue to make sure that everyone who wants to speak gets the chance. This may include moving people up the queue who have not spoken yet before someone else speaks for a second or third time. I also reserve the right to cut short comments that go on too long and to take other appropriate measures necessary to maintaining order and decorum.

Mutual respect is an absolute in these discussions. That said, one can be respectful while still engaging in lively argument. Striking this balance is the key to a successful discussion and is the responsibility of everyone at the table.

Grading Policy:
Your participation in the conversation will be graded as follows:

Outstanding contribution to conversation (rarely awarded) – 2 points
Contributions meet expectations (present, prepared, and contributing substantively) – 1.5 points
Contributions are lacking some preparation and thought (present, somewhat prepared, talking) – 1 point
Contributions are below expectations (present but not prepared or talking) – 0.5 point
Absent – 0 points

What does it mean to be prepared? Prepared students must have read and digested (thought about) all of the assigned material (additional readings, podcasts, or videos posted). Students must have made a good faith effort to think about the issues and to come up with questions/concerns they would like to discuss with the group.
To prepare for each class discussion you will be required to submit at least three (3) questions to propose to the group from the day's reading(s). The questions can be about clarification, about content, about connections to other readings, a question that further probes the author's ideas, among others. Be prepared to pose your questions to the group and to conduct the discussion of your question.

Questions sets must be posted to OAKS by **11:30 p.m. the night prior to the class**. OAKS submissions will be organized by Class Meeting. These questions are required for the day's readings. If we cover more than one reading in a class period indicate at the question level to which reading the question pertains. In addition, at least two sets of questions will be graded over the semester based on the following criteria.

**Formatting Guidelines** At the top of each page format as follows:

First Name Last Name  
Date  
Reading(s)  
ECON 330 – Semester YEAR

Example:  
John Doe  
January 11, 2018  
Bastiat – A Petition, The Negative Railroad, What is Seen and What is Not Seen  
ECON 330 – Spring 2018

What comprises good student questions/comments?

- **Relevance**: Your comments should pertain directly to the materials at hand. If you have to start off your comment with "this may not relate" you are probably quite correct. Does your comment clarify the issues or does it take us off the track?

- **Advancement**: Your comments should deepen the analysis. They should also incorporate the economic tools which we are trying to develop. Do your comments move us forward or do they require us to backtrack or detour?

- **Rationality/Logic**: Are your comments rational and logical? Are they consistent? Do they relate and connect to that which other comments have revealed? Are you drawing upon your previous knowledge or new knowledge you have gained from the readings?

- **Originality**: Are you being creative? Do you point out relationships to other readings or subjects which we have discussed in the past? Are your comments mundane or repetitive or are they new, offering fresh insight to the subject matter?

- **Factuality**: Your comments must be factually based. Until we agree on the facts of the case, analysis is spurious. This does not mean that there is only one interpretation of the facts, it simply means that will want to constantly clarify the facts as we progress.

**Extra Credit:**

On occasion there may be lectures or events for which your participation can earn you extra credit. If one or more should arise, I will be sure to announce it in class and post the relevant information on OAKS. Extra credit points will be averaged into your participation grade. To receive the extra credit points students must attend the event and complete a survey on OAKS. The OAKS surveys will only be available for **48 hours after the event** and once that time has passed the extra credit opportunity will no longer be available.
Study Time:
It is recommended that for every one credit hour in which you enroll, you will spend approximately two to three hours outside of class studying. Therefore, for 3 credit hours (1 course) which is 3 hours in class I expect students to spend 2-3 hours of work outside of class for every hour you are in class. This means attending class plus spending 6-9 hours on coursework including readings, assignment and studying. For a 15-hour load, this means 30-45 hours a week on your courses. A 2007 study by the National Survey of Student Engagement found that full-time students self-reported (thus, probably an exaggerated report) spending about 13-14 hours per week (for a 15-hour load). “This may sound like a lot but this is the easiest 30 hour a week job you'll ever have!”

Your overall grade will be determined as follows:
Present & Prepared - 15%
Midterm exam Thursday, February 14 - 20%
Midterm exam Thursday, March 14 - 20%
Policy Memo and Op-ed: Draft Due Tuesday, April 2
Policy Memo and Op-ed: Final version Due Tuesday, April 9 - 20%
Final exam: Thursday, April 25 12:00 pm - 25%

Other Important Dates:
Last day of Drop/Add January 14
Last day for students to withdraw with a grade of "W" Wednesday, March 25, 2018
Spring Break March 17-24

Grade Appeals:
If you believe an assignment may have been graded erroneously, you must explain your concern to me in person within one class day after the assignment is returned to the class. After that time, no grade changes will be made. If you are not in class when an exam is returned, it is your responsibility to come get your graded exam in time.

Negotiating Grades:
Your class grade depends on the total amount of points you earn. Again, I do not rule out a curve at the end of the semester, but I promise that I never curve down, only up. My grading policy is simple and transparent. I am simply a “scorekeeper” when it comes to assigning course grades. Please do not ask me to arbitrarily raise your grade, to offer you additional “extra credit,” or other special treatment. You are an adult in college; please take responsibility for your performance.

Classroom policies and Attendance:
I expect students to arrive to class on time prepared, remain for the entire class period and behave appropriately while in the classroom. When in class students should turn cell phones off or vibrate. Do not answer your cell phone during class. Students should not be texting during class. If it is an emergency, please excuse yourself from class.

Attendance is not mandatory, but is strongly encouraged and highly correlated with outcome, as the material is cumulative in nature. Test questions come from class lectures, text, and readings, so no one should rely entirely upon a single source. If you miss class, it is your responsibility to get the notes from another student; I do not give out my notes. Students may obtain an absence memo from room 101 of the Lightsey Center or online at http://victimservices.cofc.edu/absence-memo/absence-memo-request-form-2018-july.pdf

Center for Student Learning:
I encourage you to utilize the Center for Student Learning’s (CSL) academic support services for assistance in study strategies, speaking & writing skills, and course content. They offer tutoring, Supplemental Instruction, study skills appointments, and workshops. Students of all abilities have become more successful using these programs throughout their academic career and the services are available to you at no additional cost. For more information regarding these services please visit the CSL website at http://csl.cofc.edu or call (843)953-5635.
College of Charleston Honor Code and Academic Integrity

Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when suspected, are investigated. Each incident will be examined to determine the degree of deception involved.

The instructor will handle incidents, where the instructor determines the student's actions are due to a misunderstanding. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student's file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student's transcript for two years after which the student may petition for the X to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration—working together without permission—is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others' exams, fabricating data, and giving unauthorized assistance. Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the Student Handbook at [http://studentaffairs.cofc.edu/honor-system/studenthandbook/index.php](http://studentaffairs.cofc.edu/honor-system/studenthandbook/index.php)

Disability Accommodations Statement:

Any individual who qualifies for reasonable accommodation under The American with Disabilities Act or Section 504 of the Rehabilitation Act of 1973 should contact the instructor immediately. The College will make reasonable accommodations for persons with documented disabilities. Students should apply at the Center for Disability Services / SNAP, located on the first floor of the Lightsey Center, Suite 104. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me one week before the accommodation is needed.

Tentative Course Outline:

Week 1
Holcombe Chapter 1 The Public Sector

Week 2
Welfare Economics and Public Finance by Russell Sobel
Holcombe Chapter 2 Principles of Analyzing Government

Week 3
Hayek_Arrow, and the Problem of Democratic Decision-Making by Peter Boetke and Peter Lesson
Holcombe Chapter 2 Principles of Analyzing Government

Week 4
Property Rights Paradigm by Armen Alchian and Harold Demsetz
Holcombe Chapter 3 Property Rights and Economic Efficiency

Week 5
The Swedes Get it Right by David Friedman
Robert Frank on Coase Econtalk Podcast
Boudreaux on Coase Econtalk Podcast
Who Pays for Wolves By Hank Fischer
The Problem of Social Cost by Ronald Coase
Holcombe Chapter 4 Externalities

Week 6
Midterm exam Thursday, February 14

Week 7
Public Goods and Club Goods by Patrick McNutt
Holcombe Chapter 5 Public Goods

Week 8
The Lighthouse in Economics by Ronald Coase
Holcombe Chapter 5 Public Goods

Week 9
Holcombe Chapter 10 Positive Principles of Taxation
Holcombe11 Principles of Tax Policy

Week 10
Death Taxes: Theory, History and Ethics by Alex Tabarrok
Midterm exam Thursday, March 14

Week 11
Spring Break

Week 12
Public Finance and Public Choice: Two Contrasting Views of the State James Buchanan and Richard Musgrave
The Public Choice Revolution by James Gwartney and Richard Wagner
Holcombe Chapter 13 Taxation of Income

Week 13
Transitional Gains Trap by Gordon Tullock
Holcombe Chapter 6 The Economic Role of the State
Policy Memo & Op-Ed Drafts Due April 2

Week 14
Individual Choice in voting and the Market by James Buchanan
The Logic of Collective Action by Mancur Olson
Holcombe Chapter 7 A Theory of Collective Action
Policy Memo & Op-Ed Final Version Due April 9

Week 15
Rent Seeking: A Survey by Robert Tollison
Welfare cost of Tariffs Monopolies and Theft By Gordon Tullock
Holcombe Chapter 8 Public Sector Demand
Holcombe Chapter 9 Supply and Demand in Political Markets

Week 16
Final exam: Thursday, April 25 12:00 pm