PUBLIC POLICY 8641 – ECONOMIC ANALYSIS OF PUBLIC POLICY II
THURSDAYS, 3:00-5:30PM

PROFESSOR: DR. STEPHEN BILLINGS
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OFFICE HOURS: THURSDAYS 1-3pm and by appointment

COURSE DESCRIPTION
This course covers public sector economics with a focus on market failures and government policies used to address market failures. Primarily, we will focus on public goods and externalities; the economics of uncertainty; taxation and redistribution policies. Overall, course materials include a rich mix of rigorous economic theory, empirical analysis, and practical policy applications in both developed and developing countries. A central goal of the course is to enable students to learn the fundamental economic principles of fiscal policy, social insurance and income redistribution methods as well as to apply these principles to the design and analysis of "real-world" government programs anywhere in the world.

PREREQUISITES
Students are expected to have completed PPOL 8640 (Economics Analysis of Public Policy I) or an equivalent doctoral level microeconomics course as well as one year of statistics/empirical analysis at the doctoral level.

INSTRUCTIONAL METHOD
This course will be conducted as a lecture course with the expectation of significant and continuous student participation.

COURSE OBJECTIVES
1. To provide a conceptual framework for understanding public finance issues (including theories and concepts that explain the rationale for government spending; conceptual issues in income redistribution, the design and evaluation of social insurance programs; evaluating the costs and benefits of governmental programs; taxation and income distribution; and U.S. revenue systems).
2. To help students develop an appreciation for the breadth of methodologies used to analyze and evaluate public financing systems.
3. To introduce students to some of the applied literature on income redistribution and social insurance programs.
4. To provide students with an opportunity to apply concepts discussed in the course to questions that will be similar to comprehensive examination questions.

REQUIRED TEXTS
There is one textbook and readings are available electronically through UNCC library electronic databases or google scholar. The textbook is listed below.

- The Microeconomics of Public Policy Analysis by Lee S. Friedman. Same one as used in Dr. Schwarz’s class.

RECOMMEND TEXTS
I have used this book in years past because it offers a more undergraduate explanation of our topics. Feel free to use it and other similar books to supplement Friedman. Most students need
material explained differently than Friedman and class notes to grasp some of the more difficult concepts in this class. I would suggest obtaining this book if you have less formally training in economics (e.g. economics not major/minor undergraduate)


**Grading and Student Evaluation**
The formal course requirements are: multiple presentations of course readings (10% of the final grade), graded homework assignments (combined to count for 30% of final grade), a midterm (30% of the final grade) and a final exam (30% for the final grade).

**Presentation**: Each student will be assigned a set of readings from the syllabus and will lead discussion of those readings in the class. Students will be graded on their ability to cull the important concepts in the readings and facilitate a discussion about them.

**Midterm and Final Exams**: Students will be given the normal class session to complete midterm and final exams.

**Homeworks**: There will be 4 homeworks (each worth 7.5% of your final grade). Due dates are listed at the end of this syllabus

**Course Policies**

**Appointments**: If you have any questions about the course, course assignments or other issues, please do not hesitate to send me an email or set up an appointment to talk.

**Late or Missed Assignments**: All assignments are due and will be collected in class. Late papers are greatly discouraged such that the grade on any late paper will be diminished by one-half letter grade for every day that it is late. (Exceptions may only be made in cases of serious medical emergencies that can be verified - although I certainly hope this does not happen to anyone.)

**Students with Special Needs/Disabilities**: If you have special needs such as a chronic medical condition or learning disability, please let me know at the beginning of the semester (by the second class of the semester). Special needs identified in the student handbook of the University will be accommodated, but you must inform me by the second class session of the semester and complete the appropriate forms with disability services. Any information you provide will be kept confidential.

**Academic Integrity**: Students have the responsibility to know and observe the requirements of the UNCC Code of Student Academic Integrity (http://www.uncc.edu/polisci/handbook.html#58). This code forbids cheating, fabrication or falsification of information, multiple submissions of academic work, plagiarism, abuse of academic materials, and complicity in academic dishonesty. Academic evaluations in this course include a judgment that the student’s work is free from academic dishonesty of any type; and grades in this course therefore should be and will be adversely affected by academic dishonesty.
COURSE OUTLINE

WEEK ONE - COURSE OVERVIEW AND INTRODUCTION (1/14/2016)

- Go over Syllabus
- Review of Calculus (Jennifer Wienke)


- Review Ch. 3 and Ch. 15 in Friedman Book
- Read Friedman Ch 16 and Ch. 17
  1) Billings

  2) Billings

- Homework 1 Due on 2/11/2016


- Friedman Ch 7 and Ch. 20.
  3)
  4)
  5)
- Homework 2 Due on 3/3/2016
WEEK SEVEN – EXPENDITURE PROGRAMS AND INCOME REDISTRIBUTION I
(3/3/2016)

  6)
- Kuhn, Peter; Kooreman, Peter; Soetevent, Adriaan; Kapteyn, Arie. “The Effects of Lottery Prizes on Winners and Their Neighbors: Evidence from the Dutch Postcode Lottery” *The American Economic Review*, Volume 101, Number 5, August 2011, pp. 2226-2247(22)
  7)
  8)
  9)
  10)

WEEK EIGHT – SPRING BREAK (3/10/2015)

WEEK EIGHT – MIDTERM EXAMINATION (3/17/2016)

WEEK TEN – EXPENDITURE PROGRAMS AND INCOME REDISTRIBUTION II
(3/24/2016)

  11)
  12)
  13)
  14)

15)


16)

**WEEK ELEVEN AND WEEK TWELVE – COST-BENEFIT ANALYSIS (3/31/16 – NO CLASS) (4/7/2016) & (4/14/2016)**

• *Public Finance*, Harvey Rosen. Chapter 8


17)


18)

• *Econometrics – Powerpoints on Identification and Experimental Design*

• **Homework 3 Due on 4/21/2016**

**WEEK THIRTEEN– TAXATION (4/21/2016)**

• *Friedman Ch. 12*

• *Public Finance*, Harvey Rosen. Chapters 12-18


19)


20)


21)


22)

**Homework 4 due on 4/25/2016**
WEEK SIXTEEN - FINAL EXAMINATION (4/28/2016)
(3-5:30PM – DURING CLASS)