

School of Policy, Planning, and Development
University of Southern California
PPD 313: Finance of the Public Sector

Fall 2004
Monday-Wednesday 10 - 11:50 A.M.
RGL 209

Office Hours: T 10-12
& by apt.

Gary Painter, Ph.D.
Office: RGL 301A
Phone: (213) 740-8754
Fax (213) 740-0001
email: gpainter@usc.edu
Web: <http://www-rcf.usc.edu/~gpainter/>

Course Objectives

This course examines the role of government in modern market economies, focusing primarily on American policy issues. It examines the justifications for and effects of government policies, considering both the tax and spending sides of the government budget. Among the general questions considered are the following: When is government intervention in the economy appropriate? What is the most effective form of intervention? What effects do government policies have on the incentives for firms, individuals, and others in the private sector?

Course Prerequisite: ECON 203.

Course Requirements

Problem Sets and Class Participation	20%
Group Project (Social Security Reform)	10%
Midterm (October 11 th)	20%
Short Paper	20%
Final (December 12 th 8:00-10:00)	30%

- All assignments are due and must be handed in on time. No late Problem Sets will be accepted. Late papers will be deducted 10% per day (In the age of technology, there is no excuse.). No make-up exams will be provided. In the paper, you will be asked to analyze a current or proposed government policy. **You should explain how this policy affects either the efficiency or equity of economic resources. The paper should demonstrate your command of the concepts that have been learned in the course.** The policy that you analyze may be federal, state, or local. Pick something that you find interesting. I would like a progress report by October 8th. This should be a short description of your project (1 page). The final paper should be approximately five typed pages. It will be due December 3rd. **A hand out will be prepared for the paper assignment.**

Required Textbook

Public Finance, Rosen. Supplemental text: *Public Finance*, Marlow.

A required course reader contains supplementary articles from journals, magazines, and chapters from other books. This will be available at a Magic Machines in University Village.

All assignments will be available via the blackboard site of USC at <http://learn.usc.edu>.

Any student requesting academic accommodations based on a disability is required to register with Disability Services and Programs (DSP) (<http://www.usc.edu/student-affairs/asn/DSP/index.html>) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to TA) as early in the semester as possible. DSP is located in STU 301 and is open early 8:30 a.m. – 5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776.

Introduction to Public Sector Economics

Aug 23 The Public Sector
Rosen, *Public Finance*, ch 1, 2, 3

Aug 25 - Review of Microeconomics
Aug 30 Rosen, Appendix, “Some Basic Microeconomics” (pg. 542-565), also review Efficiency and Monopoly from your Microeconomics texts.

Government Expenditure I: Public Goods

Sept 1 The Theory of Public Goods and the Example of Transportation
Winston, C. “Efficient Transportation Infrastructure Policy,”
Journal of Economic Perspectives, Winter 1991, pp. 113-127.
Rosen, ch 4.

Sept 8 Determining the Level of Public Goods: Public Choice
Rosen ch. 6.

Problem Set # 1 due: September 8th

Sept 13 Public Provision of Goods: Example of Education

Stiglitz, Joseph, *Economics of the Public Sector*, ch. 16.
Also look over the Edison Schools web site, <http://www.edisonschools.com/>

Government Expenditure II: Externalities

Sept 15,20 The Theory of Externalities
Rosen, ch. 5.

Problem Set #2 due: September 22nd

Government Expenditure III: Social Insurance

Sept 22- Social Security
Sept 27 Rosen, ch. 9
Martin Feldstein, "Reforming Social Security," Ely Lecture,
American Economics Association Meeting, January 1996.

Social Security assignment due: September 29^h

Sept 29- Health Insurance
Oct 4 Rosen, ch. 10 and pp. 178-181 (Medicaid).

Paper Progress Report due: October 6th

Oct 6 Review

Midterm: October 11th

Government Expenditure IV: Redistribution and Welfare

Oct 13 Theory
Rosen, ch. 7.
Okun, A., *Equality and Efficiency: The Big Tradeoff*, Washington,
D.C.: The Brookings Institution, 1966, ch. 4.

Oct 18 Welfare Programs
Rosen, ch. 8.
Aaron, H., "Six Welfare Questions Still Searching for Answers,"
Brookings Review, Fall 1984, pp. 12-17.

Taxation I: Introduction and Optimal Taxation

Oct 20,25 Introduction to the U.S. System
Rosen, ch. 12, 15.

Note: On October 27th, I will be out of town at the Association for Public Policy
Analysis and Management meetings.

Problem Set #3 due: October 25th

Nov 1 Tax Incidence and Efficiency
Rosen ch. 13-14 (in chapter 14, focus on 344-349).

Taxation II: The Effects of the U.S. Tax System

Nov 3,8 Taxes and Labor Supply
Rosen, ch. 16.

Nov 10 Taxes, Savings, and Investment
Rosen, ch. 16.

Paper Outline due: November 10th

Nov 15,17 Consumption and Wealth Taxes (Property Taxes)
Rosen, ch. 19.

Intergovernmental Finance: Fiscal Federalism

Nov 22 Theory
Rosen, ch. 20.

Problem Set #4 due: November 22nd

Nov 29 User Fees, Intergovernmental Grants, and Debt.
Ronald Fisher, *State and Local Finance*, ch. 8-10.

Paper due: December 1st (in class)

Dec 1 Review

Final Exam: December 13th 8:00-10:00 a.m.

ACADEMIC RESPONSIBILITY

"Students, faculty, and administrative officials at the University of Southern California, as members of the academic community fulfill a purpose and a responsibility.

The University must, therefore, provide an optimal learning environment, and all members of the University community have a responsibility to provide and maintain an atmosphere of free inquiry and expression. The relationship of the individual to this community involves these principles: Each member has an obligation to respect:

1. THE FUNDAMENTAL HUMAN RIGHTS OF OTHERS
2. THE RIGHTS OF OTHERS BASED UPON THE NATURE OF THE EDUCATIONAL PROCESS
3. THE RIGHTS OF THE INSTITUTION

ACADEMIC DISHONESTY

The following statements and examples explain specific acts of academic dishonesty.

1. Examination Behavior: Any use of external assistance during an exam is considered academically dishonest unless expressly permitted.
 - a. Communicating in any way with another student during the examination.
 - b. Copying material from another student's exam.
 - c. Using unauthorized notes, calculators or other devices.
2. Fabrication: Any intentional falsification or invention of data or citation in an academic exercise will be considered a violation of academic integrity.
 - a. Inventing or altering data for a laboratory experiment or field project.
 - b. Resubmitting returned and corrected academic work under the pretense of grader evaluation error, when, in fact, the work has been altered from its original state.
3. Plagiarism: Plagiarism is the theft and subsequent passing off of another's ideas or words as one's own. If the words or ideas of another are used, acknowledgement of the original source must be made through recognized referencing practice.
 - a. Direct Quotation: Any use of a direct quotation should be acknowledged by _____ footnote citation and by either quotation marks or appropriate indentation and spacing.
 - b. Paraphrase: If another's ideas are borrowed in whole or in part and are _____ merely recast in the student's own words, proper acknowledgement must, nonetheless, be made. A footnote or proper internal citation must follow the paraphrase material.
4. Other Types of Academic Dishonesty:

- a. Submitting a paper written by another;
- b. Using a paper or essay in more than one class without the instructor's express permission;
- c. Obtaining an advance exam copy without the knowledge or consent of the instructor;
- d. Changing academic records outside of normal procedures;
- d. Using another person to complete homework assignment or take-home exam without the knowledge and consent of the instructor.

The above information is taken directly from the SCampus and the Academic Affairs Unit of the Student Senate in conjunction with the Academic Standards Committee.

**APPENDIX A: ACADEMIC DISHONESTY
SANCTION GUIDELINES**

VIOLATION	RECOMMENDED SANCTION (assuming first offense)
Copying answers from other students on exam.	F for course.
One person allowing another to cheat from his/her exam or assignment.	F for course for both persons.
Possessing or using extra material during exam (crib sheets, notes, books, etc.)	F for course.
Continuing to write after exam has ended.	F or zero on exam.
Taking exam from room and later claiming that the instructor lost it.	F for course and recommendation for further disciplinary action (possible suspension).
Changing answers after exam has been returned.	F for course and recommendation for disciplinary action (possible suspension).
Fraudulent possession of exam prior administration.	F for course and recommendation for suspension.
Obtaining a copy of an exam or answer key prior to administration.	Suspension or expulsion from the University; F for course.
Having someone else take an exam for oneself.	Suspension or expulsion from the University for both students; F for course.
Plagiarism.	F for the course.
Submission of purchased term papers or papers done by others.	F for the course and recommendation for further disciplinary action. (possible suspension)
Submission of the same term papers to more than one instructor where no previous approval has been given.	F for both course.

Unauthorized collaboration on an assignment.

F for the course for both students.

Falsification of information in admission application (including supporting documentation).

Revocation of university admission without opportunity to apply.

Documentary falsification (e.g., petitions and supporting materials medical documentation).

Suspension or expulsion from the university; F for course when related to a specific course.

Plagiarism in a graduate thesis or dissertation.

Expulsion from the university when discovered prior to graduation; revocation of degree when discovered subsequent to graduation.

Please refer to *Trojan Integrity: A Faculty Desk Reference*, for more information on assessing sanctions. You may also consult with members of the Office of Student Judicial Affairs and Community Standards at any point in the process, (213) 740-6666