

# PUBLIC ECONOMICS

---

Undergraduate-level Class

Fall 2009

Professor: Yo-Long Lin

Contact: yolong@ncnu.edu.tw

Time and Location: Thu 9-12am in College of Management Building 329R

Office Hours: Wed 3-5pm or by appointment

Class code: 110137

**Course Objective:** This course includes the economics of welfare foundations, public goods, externalities, public choice, cost-benefit analysis and related topics. The course will follow a lecture format.

## Required Textbooks:

1. Rozen, H.S. and T. Gayer, 2008, Public Finance, Eighth Edition, McGraw-Hill Publishing.
2. Tsui, Waicho et al. Public Finance, 2004, Hwa Tai Publishing.

## Supplementary Textbooks:

1. Myles, G.D., 1995, Public Economics, Cambridge University Press.
2. Boadway, R. and N.B. Bruce, 1984, Welfare Economics, Blackwell Publishing.

**Grading:** One midterm (50%), and a final (50%). The final exam is NOT cumulative, that is, what has been covered in the midterm will not show up in the final.

## Course Outlines:

1. Welfare Foundations
  - (a) Efficiency and Pareto Optimun
  - (b) FBWT and SBWT Foundations
  - (c) Market Failure
2. Public Goods and Externalities
  - (a) Quasi Goods
  - (b) Public Consumption Technologies

- (c) Privately Provided Public Goods
  - (d) Voluntary Provision of Public Goods and Private Charity
  - (e) Externalities
3. Political Economy and Public Choice
- (a) Voting Equilibria
  - (b) Median Voter Model and Public Good Demand Estimates
  - (c) Clarke Tax
  - (d) Impossibility Theorem
  - (e) Logrolling and Interest Groups
  - (f) Bureaucracy
4. Cost-Benefit Analysis
- (a) Present Value and Internal Rate of Return
  - (b) Shadow Price and Social Discount Rate
5. Applications
- (a) Social Security
    - i. Social Insurance Theory
    - ii. Social Security and Labor Supply
  - (b) Education Economics
  - (c) Health or Medical Economics
6. Tax and Welfare Competition and the Race to the Bottom
- (a) Optimal Commodity Taxation
  - (b) Optimal Income Taxation
  - (c) Taxes and Labor Supply
  - (d) Excess Burden
  - (e) Tax Evasion