

**Public Finance**  
**ECP 6505**

- I. Taxation
  - A. Principles of Tax Analysis
    - 1. Tax Incidence
    - 2. Welfare Loss
    - 3. Normative Principles
  - B. Taxes on Transactions
  - C. Taxes on Income
    - 1. Individual Effects
      - a. Labor Supply
      - b. Saving
    - 2. Two Earner Families
  - D. Taxes on Wealth and Business
  - E. Special Taxes
    - 1. Sumptuary Taxes
    - 2. Import Duties
    - 3. Inheritance
    - 4. Mandated Benefits
  - F. Tax Evasion
  - G. Alternative Tax Systems
  - H. Taxation in a Dynamic Setting
- II. Government Spending
  - A. Expenditure Analysis
    - 1. Program Needs
    - 2. Effects and Evaluation
  - B. Program Spending
    - 1. Redistribution
    - 2. Social Security
    - 3. Health Care
    - 4. National Defense
    - 5. Education
    - 6. The Environment
    - 7. Local Programs
    - 8. Block Grant Programs
  - C. Other Activities of Government
    - 1. Money
    - 2. Regulation

# Public Sector Economics

## ECP 6525

- I. The Public Sector
  - A. Introduction
    - 1. The Role of Democracy
    - 2. Public Sector Activities
      - a. Taxation
      - b. Spending
      - c. Redistribution
  - B. Economic Efficiency and Property Rights
    - 1. The Coase Theorem
    - 2. The Common Pool Problem
  - C. Economic Efficiency & the Allocation of Resources
    - 1. Externalities
    - 2. Public Goods
    - 3. Local Public Goods
    - 4. Monopoly
  - D. The Role of Government
    - 1. The Need for Government
    - 2. The Free Rider Problem
    - 3. The Holdout Problem
    - 4. Coercion in Government
- II. Public Sector Decision Making
  - A. Collective Action
    - 1. Unanimity and Efficiency
    - 2. Theory of Clubs
  - B. Public Choice
    - 1. Democratic Choice: Public Demand
    - 2. Models of Voting Behavior
    - 3. Problems of Collective Decision Making
      - a. Rational Ignorance
      - b. Special Interest Political Influence
- III. Public Sector Output
  - A. Incentives of Politicians
  - B. Models of Bureaucracy
  - C. Bargaining to Achieve Objectives
  - D. Rent Seeking
- IV. Public Sector Efficiency
  - A. Lindahl Taxes
  - B. Pareto Optimal Redistribution
  - C. Competitive Governments - Voting With Your Feet
  - D. Tests for Public Sector Efficiency