

ECO 4504 Public Finance

I will be planning this course over the summer, but I can mention a word or two about it now. Public Finance (often more accurately called "Public Sector Economics") is concerned with the methods governments use in taxing and spending. Some of this applies to material you learned in Microeconomics (ECO 2023), such as public goods, externalities, and the effects of taxes. Some material is concerned with issues such as how governments can raise tax revenue with as little disruption to the rest of the economy as possible (including explanations as to why the national government uses income taxes while local governments tend toward property taxes instead); the effects of various programs designed to help low-income people (public health insurance, for example); equity in the tax system; tax incidence (who really pays gasoline taxes? consumers? gasoline company stock holders? other companies?), and fiscal policy (taxing vs. borrowing, and the economic effects of deficit spending) .

The course is also concerned with how governments really act, not just how they should ideally act. One interesting branch of public finance is Political Economy--looking at how politicians behave when their goal is not necessarily doing what's best for the country, but in getting reelected or attracting campaign contributions.

To give you a more complete idea of the topics within Public Finance, below is the table of contents of one of the leading public finance textbooks:

PART 1: GETTING STARTED

CHAPTER 1: INTRODUCTION

CHAPTER 2: TOOLS OF POSITIVE ANALYSIS

CHAPTER 3: TOOLS OF NORMATIVE ANALYSIS

PART 2: PUBLIC EXPENDITURE: PUBLIC GOODS AND EXTERNALITIES

CHAPTER 4: PUBLIC GOODS

CHAPTER 5: EXTERNALITIES

CHAPTER 6: POLITICAL ECONOMY

CHAPTER 7: EDUCATION

CHAPTER 8: COST-BENEFIT ANALYSIS

PART 3: PUBLIC EXPENDITURE: SOCIAL INSURANCE AND INCOME MAINTENANCE

CHAPTER 9: THE HEALTH CARE MARKET

CHAPTER 10: GOVERNMENT AND THE MARKET FOR HEALTH CARE

CHAPTER 11: SOCIAL SECURITY

CHAPTER 12: INCOME REDISTRIBUTION: CONCEPTUAL ISSUES

CHAPTER 13: EXPENDITURE PROGRAMS FOR THE POOR

PART 4: A FRAMEWORK FOR TAX ANALYSIS

CHAPTER 14: TAXATION AND INCOME DISTRIBUTION

CHAPTER 15: TAXATION AND EFFICIENCY

CHAPTER 16: EFFICIENT AND EQUITABLE TAXATION

PART 5: THE UNITED STATES REVENUE SYSTEM

CHAPTER 17: THE PERSONAL INCOME TAX

CHAPTER 18: PERSONAL TAXATION AND BEHAVIOR

CHAPTER 19: THE CORPORATION TAX

CHAPTER 20: DEFICIT FINANCE

CHAPTER 21: FUNDAMENTAL TAX REFORM: TAXES ON CONSUMPTION AND WEALTH

PART 6: MULTIGOVERNMENT PUBLIC FINANCE

CHAPTER 22: PUBLIC FINANCE IN A FEDERAL SYSTEM