Instructor: Insoo Cho  
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Phone: (315) 229-5207  
Office: Hepburn 205

**Office Hours**: Monday/Wednesday 4:00pm–4:30pm; **Friday** 10:20am–10:50am, or by appointment.

**Lecture Schedule**: Monday/Wednesday 2:30pm-4:00pm Hepburn Hall, Room 21

**Course Description**

This course examines the economics of the public sector. Under certain conditions, market-generated allocation of resources leads to Pareto efficient outcomes. However, because of market failure there are opportunities for government to intervene and enhance economic efficiency. In addition to the market failure, the government may have a role in redistributing income. Public sector economics (also known as Public finance) analyzes the effects of government intervention on economic outcomes. In particular, we will consider some reasons for government intervention in a market economy and study the impact of government expenditure programs and taxation systems on the welfare and behavior of individuals. This course uses tools of microeconomic analysis to study the taxing and the spending activities of government.


- Sakai: [https://sakai.stlawu.edu/](https://sakai.stlawu.edu/)

  This is a course site where I will post assignments, answer keys, grades, additional study material, and announcements for this course. You should be able to login to Sakai as a registered student.

**Exams** There will be two midterms and one comprehensive final. Exams are in the format of multiple choice questions and short answer questions. All exams are closed book. Exam absences will only be excused in the case of a documented extreme illness or a documented family emergency.
Exam dates

(1) Midterm 1: Monday, October 6
(2) Midterm 2: Wednesday, November 5
(3) Final Exam: **Tuesday, December 16 at 8:30 a.m.**

- The midterms can be rescheduled depending on how much we cover.

**Homework:** There will be several required problem sets. These problem sets must be handed in by the start of class on the due date. *No late homework will be accepted.* Submitted problem sets must be neat and legible. Problem sets are a good practice for your exams.

**Group Work:** It can be very helpful to study with a group. This type of cooperative learning is encouraged; however, be sure that you have a thorough understanding of the concepts as well as the mathematical steps used to solve a problem. You must be able to work through the problems on your own. Even if you work together, each student must turn in his or her own work, not just copied solutions, on any collected assignments.

**Quizzes:** There will also be surprise quizzes during the classes. These are small group activities. You will be given an essay question and work in a group (e.g., 2~3 students in a group). The purpose of the quizzes is twofold. First, your attendance in the class will be checked randomly through your participation in quizzes. Second, and more importantly, the quizzes review the most important course material, clarify difficult topics, and help you understand your understanding level. We will always review the quizzes in class, so use that opportunity to ask questions. There are absolutely no make-ups for quizzes, so please do not ask for one. The lowest quiz score will be dropped at the end of the semester.

**Grading Distribution and Scale**

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<th>Midterm 1: 20%</th>
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<th>Final exam: 25%</th>
<th>Problem sets: 20%</th>
<th>Quizzes and attendance: 15%</th>
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**Course Outline**

**Part I: Getting Started**

- Introduction (Ch.1)
- Tools of normative analysis (Ch.3): Welfare economics

**Part II: Public Expenditure—public goods and externalities**

- Public goods (Ch.4)
- Externalities (Ch.5)
- Education (Ch.7)

**Part III: Public Expenditure—social insurance and income maintenance**

- Health care market (Ch.9&10)
- Social security (Ch.11)
- Income redistribution (Ch.12 & 13)

**Part IV: Framework for Tax Analysis**

- Taxation and income distribution (Ch.14)
- Taxation and efficiency (Ch.15)
- Efficient and equitable taxation (Ch.16)

**Part V: The United States Revenue System**

- Personal taxation and behavior (Ch.18)
- Fundamental tax reform: taxes on consumption and wealth (Ch.21)

*Caveat: The course outline is subject to change.*