

Syllabus
Economics 4510/5510 – Winter 2013
Public Choice

Instructor: Professor Kosnik
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Course Time: MW 12:30-1:45 p.m.
Course Place: 200 Clark Hall
Office Hours: MW 1:45-3:15 p.m.
& by appointment

Synopsis:

Is there a better way to elect the president? What is the role of government in a competitive, market economy? Is government trustworthy? Public choice theory, an analysis of the public sphere through application of economic logic, is a branch of economics that evolved into a distinct discipline relatively recently. It assumes the same principles that economists use to analyze actions in the marketplace – essentially, that people are primarily driven by self-interest – and applies them to actions made in collective decision-making. Use of this approach has allowed economists to comment on many exciting contemporary public policy debates, previously considered outside the economist's domain. A spattering of some of the topics we will cover in this course include:

- voting methods – is majority rule the most efficient way to judge an election?
- legislators, bureaucrats, lobbyists – what's in it for them?
- political competition – is it possible to construct our institutions and rules so that competition is encouraged in the public sphere, much as it is in the private marketplace?

Active analysis of current events, alongside understanding of the theoretical material, will be expected. Grades will be based on homework assignments, essays (for 5510 students), exams, in-class participation, and a final paper project.

Texts:

Hindricks, Jean and Myles, Gareth D. *Intermediate Public Economics*, MIT Press: 2006.

Shughart, William F. and Razzolini, Laura, eds. *The Elgar Companion to Public Choice*, Edward Elgar Publishers: 2001. (Required for 5510 students only.)

Tullock, Gordon, Seldon, Arthur and Brady, Gordon L. *Government Failure: A Primer in Public Choice*, CATO Institute: 2002. (Required for 5510 students only.)

Grading:

4510:

midterm exam: 25%
project: 25%
homeworks: 15%
final exam: 35%

5510:

midterm exam: 20%
project: 20%
homeworks: 15%
essays: 15%
final exam: 30%

Note: The final exam, scheduled for **May 15** is a one-time event. If you cannot take the final exam at the scheduled time and date, **you should not take this class**. Homework assignments will be handed out periodically in class (a good reason to be sure to attend lecture), and will be graded on a traditional A-F scale. The class project is due on the last day of classes, Friday **May 10**. All late homeworks, essays, and projects lose 1 letter grade per day, including weekends and holidays. You can certainly turn in an assignment early, but you **should not** turn one in late. In a similar vein, there are no makeup exams, no makeup homeworks, no makeup essays, and no makeup projects, for any reason.

Tentative Course Outline

The following outline is rather rough. To keep abreast of what is happening in the course, and what will be required of you in the exams, your best bet is to come to class. You will also learn about homework assignments, essay assignments, and paper requirements in class as the course proceeds. The following exam dates, however, are certain.

Week	Topic	
1	Introduction & Economics Review	H&M (ch1&2), T(ch1), E(Intro)
2	Stats & Theories of Government	H&M (ch3&ch4), T(ch9), E(ch2&ch29)
3	Public Goods	H&M (ch5), E(ch5)
4	Externalities	H&M (ch7), T(ch11), E(ch27)
5	Imperfect Competition	H&M (ch8), E(ch6)
6	Asymmetric Information	H&M (ch9)
7	Midterm Exam - Monday, March 4	
8	Voting	H&M (ch10), T(ch2&ch3), E(ch9&ch10)
9	Rent Seeking	H&M (ch11), T(ch4&ch5), E(ch11&ch17)
10	<i>*Spring Break*</i>	
11	Social Welfare, Inequality & Poverty	H&M (ch12-ch13)
12	Taxation	H&M (ch14-ch16), T(ch6), E(ch19)
13	Federalism & Government Competition	H&M (ch17-ch18), T(ch7), E(ch23)
14	Student Presentations/Review & Catch-Up	
15	Student Presentations/Review & Catch-Up	
16	Student Presentations/Review & Catch-Up	

H&M = Hindricks, Jean and Myles, Gareth D. *Intermediate Public Economics*.

T = Tullock, Gordon, Seldon, Arthur and Brady, Gordon L. *Government Failure: A Primer in Public Choice*.

E = Shughart, William F. and Razzolini, Laura, eds. *The Elgar Companion to Public Choice*.

Final Exam: Wednesday, May 15
10:00 a.m. - Noon

Term Paper Guidelines

The purpose of this paper is to address a contemporary real-world policy issue (for example, state laws legalizing recreational drug use, constitutional amendments balancing the budget, federal subsidies for agriculture or steel imports) and perform an independent public choice analysis on the topic. (**Note: Any topic chosen must be based on a real piece of actual legislation, not just something vaguely discussed in political circles or on popular blogs.) This implies appropriately utilizing the tools learned in class and applying them to the issues. You are expected to conduct research, thoroughly investigate the issue (not solely read local newspaper articles on a subject) and write a well-thought out *economic* argument addressing the topic. Note that you are welcome to include normative policy prescriptions on the issue, *along with* your positive economic arguments. The last three weeks of class will be taken up with presentations of each other's reports. Attendance to *all* the presentations is mandatory and will be included in the calculation of your overall project grade (3-5%). Your final paper is due on the last day of classes, but there are milestones that must be met throughout the term which will help you adequately complete this project and which will certainly be considered in the total evaluation of your overall project grade. They include:

Week	Milestone	Requirement
8	Topic Chosen	A one paragraph typed summary of the legislative issue that you have chosen to analyze.
11	Outline Due	A one page typed outline of the research paper is due. This should be bulleted, and brief, but include things like: Background on issue. Who are the groups involved? What are some of their motivations?
13	References List Due	A one page typed list of all bibliographic references and data sources used in the paper is due. You may still add to this list over the course of the following few weeks, before the final term paper is due, but you shouldn't have to add much. You should be working on this paper ahead of time!!
14	Class Presentations Begin	Class presentations are at the end of the term. You should have a rough draft of your paper completed by now. You should use the class presentation time for touching up and last minute feedback, but you should not still be writing the bare bones of your paper at this point in time.
16	Final Paper Due	Friday, May 10, two hardcopies of your paper are due on my desk by 4:00p.m.

Some hints on what I will be looking for when I grade the final paper:

- **Style:** Grammar, spelling, logic, and general clarity/readability of the paper. For writing tips, be sure to reference, Strunk and White The Elements of Style, 5th ed. 2001. Proofreading each other's papers is always a good idea.
- **Methodology:** Appropriate application of public choice methodology to the subject you have chosen, without needless extraneous material. Do you consider the incentives of all the player involved, for example? Are you aware of any principal-agent issues? Institutional constraints?
- **Policy Conclusion:** What has your analysis told you? What are the implications/conclusions from your project for broader public policy analysis? You can be normative here, but remember that there must be positive analysis as well.

Expectations

Registering for this course constitutes acceptance of the terms and conditions as laid out in this syllabus between instructor and student. This syllabus is like a contract, and its terms can not be lightly broken by either you, the student, or myself, the instructor. Make sure you read this syllabus carefully and are aware of all the associated deadlines and requirements (for example, no make-up exams).

Also, it is recommended that you review the policies and procedures defined by the university regarding your responsibilities as a student:

http://www.umsl.edu/studentlife/dsa/student_planner/policies/conductcode.htm

These policies outline the codes of conduct expected regarding cheating, plagiarism, attendance, and other matters of academic honesty. In all cases of academic dishonesty, I will issue a grade of zero for the entire assignment, quiz, exam, paper, etc. This is in accord with the campus policy on academic dishonesty, which can be found at the web address above.

For information regarding no penalty withdrawal and drop excused dates, please go to the university website: <http://www.umsl.edu/~registration>