

Public Economics

Dr. Ryan Safner

publicS20.classes.ryansafner.com

Course: ECON 410 - Spring 2020
Room: Rosenstock Hall 317
Meets: TuTh 2:00–3:15PM

Email: safner@hood.edu
Office: Rosenstock Hall 118
Hours: MW 3:30–5:00PM

“What’s so great about democracy other than it’s democratic?” – Gordon Tullock

“Democracy is the worst form of government, except for all the others that have been tried from time to time.” – Winston Churchill

The Public Sector in most modern liberal democracies accounts for about $\frac{1}{3}$ of gross national product, and various fiscal and regulatory policies strongly influence the remaining $\frac{2}{3}$. How does “the government” make decisions, enforce laws, and provide the goods and services it is expected to? How does it interact with the rest of the economy? A major part of this course is exploding the black box that we call “government” to examine and model the various political agents: voters, politicians, bureaucrats, interest groups, and how they interact with one another to yield public policy and achieve their separate goals.

The major analytic framework used in this course is commonly known as “public choice:” the application of economic modeling (optimization and equilibrium) to study *non*-market decision-making. Markets use prices and voluntary exchanges to allocate scarce goods among competing uses based on individual preferences. Many other aspects of modern life do *not* rely on prices or voluntary exchanges; the primary arena we explore is *politics*—the realm of collective decision-making where a *single choice* is made for *everyone*. A simple summary of what we will be doing in this course is expanding and exploring answers to the question: **how do we choose in groups?**

Our primary focus will be the government of a modern liberal democracy, particularly the United States since 1789. In many ways, this is a more rigorous complement to your classic high school or college Civics course, but you will soon discover, it will at times emphasize key civic virtues of American governance, and at other times gore sacred cows and contradict popular myths.

As a 400-level course, I intend to treat this course as a *seminar*. **This implies a significant amount of reading, writing, and discussing, on your part, requiring you to take ownership of your own learning.** Against my strong instincts to lecture, this class will primarily be discussion-based and focused heavily on required readings for each meeting. Each class meeting, I will put our readings into context and provide some elaboration of key insights for 20-30 minutes, then the remainder will be open discussion. I have optimized the readings to give you something approachable and manageable each class. As such, I expect you to have done the readings.

This course assumes you have basic knowledge of how a market economy works at the micro- and macro- levels, hence, the **prerequisites** for this course are **ECON 205 and ECON 206; ECON 306 strongly recommended.**

1 Course objectives

By the end of this course, you will:

- Understand the incentives of different participants in a liberal democracy, particularly voters, politicians, bureaucrats, regulators, and special interest groups
- Understand the processes by which *actual* public policy gets made by *actual* people
- Understand the difference between constitutional-level rules and political rules and the importance of each

- Explain current events and public policies in terms of individuals accomplishing separate political goals through political exchanges
- Recognize the analytical and practical similarities and differences between individuals acting in markets and non-market institutions
- Understand and explain real world differences in outcomes and in operations between political, cultural, economic, and social institutions in different societies
- Overcome the nirvana fallacy

Given these objectives, this course fulfills two of the learning outcomes for [the George B. Delaplaine, Jr. School of Business](#) Economics B.A. program:

- Apply economic reasoning and models to understand and analyze problems of public policy [...]
- Demonstrate effective oral and written communications skills for personal and professional success[...]

My standard disclaimer: This class may challenge many of your existing beliefs and conceptions about how the world works, and how it should work. This is the most important and exciting part of a liberal arts education. This does *not* mean that I want to make you to see everything “my way.” In fact, if you come out of this class thinking exactly like me, then I have probably failed you as a teacher. To the best of my ability, I keep my opinions to myself unless relevant for purposes of discussion, and I respect and invite you to reach your own conclusions on all matters.

Content warning: this class will cover sensitive political and cultural topics and compel you to grapple with countries, cultures, and viewpoints very different from your own. To put it mildly, these topics may include themes of violence, slavery, imperialism, and different ideologies inherently wrapped up in the tragic history of both the developed and developing world.

If at any point you find yourself struggling in this course for any reason, please come see me. Do not suffer in silence! Coming to see me for help does not diminish my view of you, in fact I will hold you in *higher* regard for understanding your own needs and taking charge of your own learning. There are also some fantastic resources on campus, such as the [Center for Academic Achievement and Retention \(CAAR\)](#) and the [Beneficial-Hodson Library](#).

See my [tips for success in this course](#).

2 Course materials

You can find all course materials at my academic website dedicated for this course publicS20.classes.ryansafner.com.

My lecture slides (made available to you) are the primary resource for the material and the best guide to prepare for assignments. We do not have a “textbook” that we will follow chapter by chapter, rather a series of academic journal articles and other readings posted on the website, and selected chapters from the two books below.

1. Holcombe, Randall G, 2016, *Advanced Introduction to Public Choice*, Northampton, MA: Edward Elgar Publishing, ISBN: 978-1-78536-206-4
2. Buchanan, James M and Gordon Tullock, 1999, *The Calculus of Consent: The Logical Foundations of Constitutional Democracy*, Indianapolis, IN: Liberty Fund, Inc. ISBN: 978-0865972186¹

The first book is the closest thing to a “textbook,” as it provides a good introduction to the background theory for every lesson. We will only have required reading assignments from it a few times this course (which I will make available on the website). However, I recommend that you read the (very short) chapters associated with each topic as we move through the course on your own.

The second book is one of the monumental books that is largely credited with revolutionizing the study of public economics that, in part, won James Buchanan the 1986 Nobel Prize in Economics. The entire

¹Link to free PDF version. If you wish to purchase a hard copy, note this can also be found in several equivalent versions: [Volume 3 of the Collected Works of James Buchanan](#) and [Volume 2 of the Collected Works of Gordon Tullock](#)

book is [free online](#), but as one of the classics in public economics, I highly recommend you purchase it and read beyond our required chapters at some point.

Both books are quite cheap, and can be found both at the Hood Bookstore or online retailers like Amazon and eBay.

I have no financial interest in requiring you to purchase either book.

2.1 Articles

Throughout the course, I will post both required and supplemental (non-required) readings that enrich your understanding for each topic. Check *frequently* for announcements and updates to assignments, readings, and grades.

3 Assignments and grades

You can find descriptions for all the assignments on the [assignments page](#).

	Assignment	Percent
n	Participation (Average)	30%
1	Policy Paper	30%
2	Midterm	20%
1	Final	20%

All grades are based on the following traditional scale:

Grade	Range	Grade1	Range1
A	93–100%	C	73–76%
A-	90–92%	C-	70–72%
B+	87–89%	D+	67–69%
B	83–86%	D	63–66%
B-	80–82%	D-	60–62%
C+	77–79%	F	< 60%

These grades are firm cutoffs, but I do of course round upwards (≥ 0.5) for final grades. A necessary reminder, as an academic, I am not in the business of *giving* out grades, I merely report the grade that you *earn*. I will not alter your grade unless you provide a reasonable argument that I am in error (which does happen from time to time).

4 Policies and Expectations

This syllabus is a contract between you, the student, and me, your instructor. It has been carefully and deliberately thought out², and I will uphold my end of the agreement and expect you to uphold yours.

In the language of game theory, this syllabus is my commitment device. I am a very understanding person, and I know that exceptions to rules often need to be made for students. However, to be *fair* to *all* students the syllabus artificially constrains my ability to make exceptions at a whim for anyone. This prevents clever students from exploiting my congenial personality at everyone else's expense. Please read and familiarize yourself with the course policies and expectations of you. Chances are, if you have a question, it is answered herein.

²A syllabus can and will be used as a legal document for disputes tried at a court of law. Ask me how I know.

4.0.1 Attendance and Participation

I expect you to attend class and to come having already done the reading assigned for that day. I will remind you in class and possibly through Blackboard or email which readings I want you to read for the next class. You are all adults and I will treat you as such. I do not take attendance, nor do I grade formally for participation but I strongly recommended you attend class and participate for your sake and the sake of your classmates. If you are too distracted or are not prepared to learn, I suggest you stay home, where you can check Facebook more efficiently. I reserve the right to boost the final grades of students that I believe have made consistent, quality contributions above and beyond their peers in class conversations by up to 2.5 points.

4.0.2 Devices

You are allowed to have and use laptops and tablets in the classroom. I will not stop you, but I strongly discourage you from using these to take notes (see Tips for Success). As a courtesy to myself and to others, do not use your phone in class. I reserve the right to embarrass you in front of everyone if you do so.

4.0.3 Absences and Make-Ups

You generally do *not* need to let me know if you are unable to make class, *unless* it is on the day of an exam. It will however, be your responsibility to acquire the notes from a classmate for any missed classes. If you are unable to attend an exam for a legitimate reason (e.g. sports/club events, traveling, illness, family issues), please notify me at least *one week* in advance, and we will schedule a make-up exam date. If you are ill or otherwise unable to attend on the day of the exam, contact me ASAP to make arrangements. Failure to do so, including desperate attempts to make arrangements only *after* the absence will result in a grade of 0 and little sympathy. I reserve the right to re-weight other assignments for students who I believe are legitimately unable to complete a particular assignment.

4.0.4 Late Assignments

I will accept late assignments, but will subtract a specified amount of points as a penalty. See individual assignment descriptions for the amount of points taken off (as it varies by assignment). If an answer key is posted before you turn in your assignment, the maximum grade you can earn is an 80. Even if it is the last week of the semester, I encourage you to turn in late work: some points are better than no points!

4.0.5 Grading

I will try my best to post grades on Blackboard's Grading Center and return graded assignments to you within about one week of you turning them in. There will be exceptions. Where applicable, I will post answer keys once I know most homeworks are turned in (see Late Assignments above for penalties). Blackboard's Grading Center is the place to look for your most up-to-date grades. You will also be given an Excel spreadsheet template where you can calculate your overall grade and forecast "what if" scenarios.

4.0.6 Email Accounts

Students must regularly monitor their Hood email accounts to receive important college information, including messages related to this class. Email through the Blackboard system is my main method of communicating announcements and deadlines regarding your assignments. **Please do not reply to any automated Blackboard emails - I may not receive it!** My Hood email (safner@hood.edu) is the best means of contacting me. I will do my best to respond within 24 hours. If I do not reply within 48 hours, do not take it personally, and *feel free to send a follow up email* in the very likely event that I genuinely did not see your original message.

4.0.7 Office Hours

I am generally in my office Monday-Thursday during “normal business hours.” You are always welcome to walk-in and chat about class, college, careers, or anything at all. Please do try to use the official office hours stated at the head of the syllabus if possible. If you need to meet at a different time, I request that you send me an email or let me know after class so I know when to expect you. If you want to go over material from class, please have *specific* questions you want help with. I am not in the business of giving private lectures (particularly if you missed class without a valid excuse).

Watch the excellent and accurate video explaining office hours (on website syllabus page):

4.0.8 Enrollment

Students are responsible for verifying their enrollment in this class. The last day to add or drop this class with no penalty is **Thursday, January 23**. Be aware of [important dates](#).

4.0.9 Honor Code

Hood College has an Academic Honor Code which requires all members of this community to maintain the highest standards of academic honesty and integrity. Cheating, plagiarism, lying, and stealing are all prohibited. All violations of the Honor Code are taken seriously, will be reported to appropriate authority, and may result in severe penalties, including expulsion from the college. See [here](#) for more detailed information.

4.0.10 Van Halen and M&Ms

When you have completed reading the syllabus, email me a picture of the band Van Halen and a picture of a bowl of M&Ms. If you do this *before* the date of the first exam, you will get 3 bonus points on the exam. Yes, this is real.

4.0.11 Accessibility, Equity, and Accommodations

College courses can, and should, be challenging and bring you out of your comfort zone in a safe and equitable environment. If, however, you feel at any point in the semester that certain assignments or aspects of the course will be disproportionately uncomfortable or burdensome for you due to any factor beyond your control, please come see me or email me. I am a very understanding person and am happy to work out a solution together. I reserve the right to modify and reweight assignments at my sole discretion for students that I believe would legitimately be at a disadvantage, through no fault of their own, to complete them as described.

If you are unable to afford required textbooks or other resources for any reason, come see me and we can find a solution that works for you.

This course is intended to be accessible for all students, including those with mental, physical, or cognitive disabilities, illness, injuries, impairments, or any other condition that tends to negatively affect one’s equal access to education. If at any point in the term, you find yourself not able to fully access the space, content, and experience of this course, you are welcome to contact me to discuss your specific needs. I also encourage you to contact the [Office of Accessibility Services](#) (301-696-3421). If you have a diagnosis or history of accommodations in high school or previous postsecondary institutions, Accessibility Services can help you document your needs and create an accommodation plan. By making a plan through Accessibility Services, you can ensure appropriate accommodations without disclosing your condition or diagnosis to course instructors.

5 Schedule

You can find a full schedule with resources for each class meeting on the [course website schedule page](#).