

Economics 231
Public economics, expenditures 1: public goods and externalities

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Julie Cullen
Economics 213
jbcullen@ucsd.edu
858-822-2056

Objective: The principal objective of this course is to provide an understanding of the role of government intervention in the economy in two broad areas of expenditure from both a theoretical and an empirical perspective. The emphasis will be on learning techniques that can be applied to produce original research and to critically analyze existing research in the field of public economics.

Class Meetings: Lectures will meet on Tuesday and Thursday from 7:50-9:10am in Economics 304.

Office Hours: I will have a regularly scheduled office hour on Wednesday from 1:00-2:00pm. I am available by appointment as well. See me in person or e-mail to set up a convenient time to meet.

Requirements: There are five sets of requirements for this course:

1. Readings

The required readings are primarily journal articles and these will be made available to you on the class web page: <http://dss.ucsd.edu/~jbcullen/econ231/econ231.html>.

2. Paper presentation

I will ask each of you (in small groups) to present an assigned paper during one of the regular class periods. The papers will be empirical papers that test theoretical predictions relevant to the course material. The presentation should be 20 minutes. You should place the issue addressed in the paper within the context of the course, explain the methods, describe the findings, and point out remaining limitations and directions for future research. The presentation is worth 10% of your grade.

3. Problem sets

There will be 2 problem sets. The problem sets represent 20% of your grade (each counts 10%). Feel free to cooperate on the problem sets. Each person must turn in his/her own copy and write the names of collaborators at the top of the assignment. No late assignments will be accepted.

4. Referee report

I will assign a paper for you to referee. The referee report should briefly summarize the paper and then provide a critical discussion. It should be 2-5 single-spaced pages in length. The report will count for 10% of your grade.

5. Final exam

There will be a final cumulative exam administered during final exam week that is worth 60% of your grade.

Seminars: I encourage you to attend the applied microeconomics seminar (which meets on Mondays from 3:30 to 5:00 in Econ 300 starting February 7), as well as job market seminars that are scheduled early in the quarter (throughout the week). Attending seminars is among the best ways to facilitate the transition from coursework to research.

Course outline (preliminary):

1. Public goods

1.1 Efficient public goods provision

1.2 Preference revelation and implementation

1.3 Public good valuation

1.4 Cost-benefit analysis

1.5 Collective choice and majority voting

1.6 Private provision of public goods

2. The political economy of government

3. Fiscal federalism and local public goods

4. Externalities