

Enquire Teaching Timetable

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Course Outcome

ECON 3430 - Public Finance

Learning Outcome

1. Learn economics concepts essential for understanding the public sector, including Pareto efficiency, equity, public goods, externality.
2. Understand the economic rationales behind common public programs.
3. Understand the considerations for designing taxation policies from economists' perspectives.
4. Understand the potential problems in the public decision-making process, including the difficulties inherent in democratic governments.

Course Syllabus

1. Basic concepts of public finance
2. Welfare theorems
3. Public Goods
4. Clarke-Groves Tax
5. Externalities
6. Pollution Tax versus Quota
7. Poverty
8. Income Distribution
9. Inequality Index
10. Taxation and Behaviours
11. Tax Incidence
12. Optimal Taxation
13. Majority Voting Rule
14. Social Choice

Assessment Type

Feedback for Evaluation

Course and teaching evaluation at end of course
Informal feedback channels throughout the course (face-to-face, email, WebCT)
Departmental Retreat
Programme Review

Required Readings

Rosen, Harvey S., Public Finance (8th Ed.), McGrawHill, 2008.

Recommended Readings

1. Stiglitz, Joseph E., Economics of Public Sector (3rd Ed.), New York/London: W.W. Norton, 2000.
2. Ng, Yew-Kwang, Welfare Economics: Towards a More Complete Analysis, New York: Palgrave Macmillan, 2004. (This is also the textbook for

ECON 4430 Welfare Economics.)

3. Mueller, Dennis C., *Public Choice II/III*, Cambridge: Cambridge University Press, 1989/2003.
4. Boadway, Robin W.; and Wildasin, David E., *Public Sector Economics* (2nd Ed.), Boston: Little Brown, 1984.
5. Holcombe, Randall, *Public Sector Economics: The Role of Government in the American Economy*, Pearson Prentice Hall, 2006.
6. Thaler, R.H., and Sunstein, C.R. (2003), *Libertarian Paternalism*, *American Economic Review*, 93(2): 175-179
7. Baumol, W.J.; and Oates, W.E., *The Theory of Environmental Policy*, Ch 5, New York: Cambridge University Press, 1988.
8. Heikkila, W.J., *The Economics of Planning*, Ch. 2, Center for Urban Policy Research.
9. Atkinson, A.B., *The Economics of Inequality* (2nd Ed.), Ch 10, Section 10.1; Ch 3, Section 3.4. Oxford University Press, 1983.
10. Cooter, R.D. (1989), *Rawls' lexical orderings are good economics*, *Economics and Philosophy*, 5, 47-54.
11. Sen, A.K. (1973), Ch 2, *On Economic Inequality*, W.W. Norton
12. Alm, James (1996), *What is an "optimal" tax system?*, *National Tax Journal*, 49(1): 117-133.
13. Liu, Liqun, and Rettenmaier, A.J. (2005), *A Graphical Exposition of the Link between Two Representations of the Excess Burden of Taxation*, *Journal of Economic Education*, 36(4): 369-378.
14. Myles, G.D. Ch 5, *Public Economics*. Cambridge University Press, 1995.
15. Sandmo, Agnar (1999), *Asymmetric information and public economics: the Mirrlees-Vickrey Nobel Prize*, *Journal of Economic Perspectives*, Vol 13, Issue 1.