

Econ 450: Public Microeconomics, Fall '04

Course content: What should the government do and how should it do it? This course reviews the central principles of welfare economics (including externalities, public goods, and economic justice), benefit-cost analysis, and taxation and applies them to selected policy issues in the U.S., Hawaii, and Asia. Will the war on terrorism bankrupt the social security system? Will globalization wreck the environment and leave the poor and the aged behind? How can education policy and efficiency in government be improved in Hawaii? Does banning marijuana create more problems than it solves?

Other public policy topics include environmental and resource management, the provision of health and other basic needs, transportation policy, budget deficits, corruption in government, and others as requested.

Text Hyman, *Public Finance*, 8th edition, 2005.

Requirements and tentative weights

Quizzes: 32%

Final: 30%

Project/paper: 24%

Homework and citizenship: 14%

Office: 514 Saunders, W 1:30-3:00 and by appt. (jimr@hawaii.edu)

LECTURE AND READING TOPICS

Microeconomic review

Welfare economics

Justice

Pollution solutions

Coase Theorem

Free riders and public goods

Lindahl solution

Political economy (logrolling, rent-seeking, and corruption)

Income distribution and poverty alleviation

Education policy and vouchers

Social security and medicare

Project evaluation (benefit/cost)

Principles of tax reform (excess burden and equity)

Income taxes

Corporate income and business taxes

Consumption taxes

Burden of the national debt

Drug wars, price ceilings, rapid transit, tax credits, water pricing, tariff

“protection,” facilitating market development, environmental stewardship, and other policy applications of local, national, and international interest