



## **ECON 226: Intermediate Public Finance**

**CRN \*\*\***

**Fall/Spring/Summer YYYY**

**Lecture: Tuesday and Thursday | 00:00 am – 00:00 am |**

**Room: Nicely Hall 000**

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**Instructor: Dr. Hossein Radmard**

**Office:** 235 Ada Dodge Hall

**Office Hours:** Tuesday and Thursday 00:00 am – 00:00 pm, **and by appointment**

**E-mail:** [hr30@aub.edu.lb](mailto:hr30@aub.edu.lb)

**Office Phone:** Ext. 4066

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### **COURSE DESCRIPTION**

AUB Course Catalogue Description: “A study of public expenditures, public revenues, and public debts, principles of equity in the distribution of the tax burden.”

This course will cover the broad range of topics which comprise the field of Public Economics. Upon completion of the course, the student will have an understanding of government’s role in the economy as well as how the tools of economics can be used to analyze the public sector. The course will cover issues in public finance including public good provision, optimal taxation, expenditures, and externalities, as well as some topics in public choice including the median voter theorem, special interest effects, bureaucracy, and positive theories of taxation.

### **COURSE PREREQUISITES:**

Intermediate Price Theory (ECON217)

### **TEXTBOOK**

**Public Finance A Contemporary Application of Theory to Policy, by David n. Hyman, 10<sup>th</sup> Ed, South-Western Cengage Learning**

During the semester there will be frequent references to other books\* and readings. Although the textbook is the core and foundation of topics we will discuss, but this course highly relies on the lectures rather than the book.

\* *Public Finance and the American Economy*, by Neil Bruce, 2nd edition (NB) | *Public Sector Economics*, by Randall Holcombe (RH) | *Public Economics*, by Gareth D. Myles (GM)

## **COURSE REQUIREMENTS**

- The class meets twice (Tuesday, Thursday) a week for 75 minutes. Each session includes about 50 minutes lecture and about 25 minutes solving problems (recitation) or debate/discussion on case studies/current issues.
- The lecture is a mixture of PowerPoint slides and chalk&board methods.
- I do not enforce attendance directly, but regular attendance is essential if a student wants to do well in the course. Also there are unannounced in-class assignments that count significantly toward your final grade. Therefore attendance is important!
- Handouts and class material, such as lecture slides, solutions to in-class assignments, quizzes, exams, etc., can be accessed from the course Moodle page. Please make sure you know how to work with Moodle and check the course page regularly.
- Any changes will be announced in class and posted on the course website.

## **GRADING POLICY**

Students will be graded on the basis of:

1. One Midterm Exams: 35%
2. One Final Exam: 35%
3. Two Quizzes: 20%
4. In-class assignment and Participation: 10%

### In-Class-Assignments

These are small pop-up assignments in class from current topics of the course. They can be written or oral, individual or in team.

### Quizzes

There will be two quizzes during the semester. Dates for the quizzes will be announced in class and on the Moodle page. Quizzes mostly include some short answer or application type questions.

### Exams

One midterms and one final, with same grade weights will be instructed. Each one covers only the related chapters and the final is NOT comprehensive. Tentative date for the midterm exam is indicated in the table below.

## **MAKE-UP POLICY**

- There will be no make-up for quizzes or in-class assignments!
- There will be no make-up exams unless the student has a valid excuse.
- Any permission to miss an exam must be secured at least one week before the scheduled event unless the cause of the absence is unforeseen. Given a University approved absence, I reserve the option to either give a make-up exam or quiz, or to simply base your grade on the remaining exams and assignments.

## GENERAL COMMENTS

- I reserve the right to change this syllabus as time and circumstances dictate. Necessary changes will be announced in class in advance when possible.
- My responsibility as the instructor is to help you to learn the material required for this course. I should be organized, well-prepared, helpful, and courteous. Your responsibilities as a student are to be prepared for class and to take an active role in learning.
- I would appreciate any feedback you can provide to conduct the course more effectively. All constructive and respectful criticism is welcome.

## COURSE OUTLINE

<b>Section</b>	<b>Description</b>	<b>Chapters*</b>
I: Introduction	What is government? How does it work? How can we study it?	1,2 (DH) 1,2 (NB) 2 (RH)
II: Market Failure & Economic Role of the State	Externalities, Public Goods, Public Policy	3,4 (DH) 3,4 (NB) 4,5,6 (RH)
III: Collective Choice and Politics	Public Choice Theory: Collective Choice and Politics Economics of Politics	5 (DH) 5 (NB) 7 (RH)
IV: Economics of Government Programs	Cost-benefit Evaluation of Government Programs	6 (DH) 6 (NB)
V: Taxation	What is Tax? Theory and Structure of Income Tax, Consumption Tax	13,14,15,16 (DH) 10 (NB) 10 (RH)
VI: Tax Incidence	Who bears the Tax Burden?	11 (NB) 10 (RH)
VII: Tax Policy Analysis	Efficiency Analysis General Equilibrium Analysis	11 (DH)

\* David Hyman (DH), Neil Bruce (NB), Randal Holcombe (RH), Gareth Myles (GM)

**TENTATIVE CLASS SCHEDULE\*:**

<b>WEEKS</b>	<b>SECTIONS</b>	<b>TOPICS</b>
Week 1 --- Week 9 ( )	I, II  Quiz 1  III	1. Introduction. 2. Market Failure & Economic Role of the State 3. Collective Choice and Politics
<b>MIDTERM</b>		
Week 10 --- Week 14 ( )	IV, V  Quiz 2  VI, VII	1. Economics of Government Programs 2. Taxation 3. Tax Incidence 4. Tax Policy Analysis
<b>→ FINAL EXAM (Date TBA by Registrar Office)</b>		

*\*The instructor reserves the right to modify—all changes will be announced in class*

**ACADEMIC DISHONESTY:**

- The integrity of the classes offered by any academic institution solidifies the foundation of its mission and cannot be sacrificed to expediency, ignorance, or blatant fraud. Therefore, I will enforce rigorous standards of academic integrity in all aspects and assignments of this course.
- Cheating is not tolerated at American University of Beirut. Anyone caught cheating will be penalized following the procedures described in the Student Code of Conduct. (<http://www.aub.edu.lb/pnp/generaluniversitypolicies/Documents/StudentCodeConduct/StudentCodeConduct.pdf>)