I. OBJECTIVES

1. To provide a broad understanding of concepts, issues and topics relevant to the study of public finance and budgeting.

2. To provide an exposure to important literature in public finance and budgeting.

3. To provide a critical view of the way in which public finance scholars view the world and the nature of knowledge.

4. To provide insight into the nature of the activity of research in public finance.

II. READINGS

1. Texts

A. Required Texts:

a. Baker, Samuel and Catherine Elliot. *Readings in Public Sector Economics.* (Heath, 1990). (B&B). This text provides direct access to the classic writings of many prominent authors in the field and enables readers to see first hand the arguments in public finance made by their advocates. The articles also provide a good basis for discussion.

b. Bagschi, Amaresh. *Readings in Public Finance.* (Oxford, 1995). This text includes more recent articles by major authors dealing with contemporary issues in the field of public finance. It also includes an excellent overview of the field by Bagschi.

c. Buchanan, James M. *What should Economists Do?* (Liberty Press, 1979). In this book, Buchanan reflects on methodological and philosophical issues in economics, public finance, and public choice. The book is included as a means of raising questions about the role that economics as a discipline should play in social problem-solving and its limits as a social science.

policy, economics and knowledge. The book is included as a means of raising important questions about how economists and other social scientists view issues of public finance, and demonstrating the value of entertaining alternative frameworks for viewing reality.

2. Outside Readings (available at the library web-site on reserve):


Small, Albion. The Cameralists (University of Chicago Press, 1909), Chapters 1, 22.


### III. GRADING

Grades for the course will be on an A-B-C-F scale. Pluses or minuses will be listed on grades assignments for advisory purposes only.

### IV. ASSIGNMENTS

1. Participants are asked to write two short essays (each 5 to 8 pages typed double-spaced, not including references). The essays should be in response to two of the questions listed at the back of the syllabus; one from section A and the second from section B. Essays should be typed, concise and to the point and should draw from the assigned readings. Participants at the doctoral level should cite, where relevant, authors and articles or books associated with particular arguments. The first essay from Section A is due on March 8, at latest. The second essay from Section B is due on May 10. A revised draft of the first essay may also be submitted at the participant's discretion by May 3 (Each essay counts for 25% of your grade at the masters level and 20% of your grade at the doctoral level).

2. Participants are also asked to write a review on a book that I shall assign. Books assigned can be obtained through the University library or public libraries or through Ohio-Link. The review should summarize the major points addressed in the book and provide an assessment of its strengths and limitations. The review should selectively cite quotations from the author to support the points made. Participants should be prepared to make a 15 to 20 minute oral presentation of the review on the session assigned. The written review should run from ten to twelve pages (double-spaced) and is due May 3. Participants should also write a one page (single-spaced) summary of their reviews and make 10 copies for distribution to their colleagues (This assignment will count for 40% of your grade at the masters level and 20% of your grade at}
the doctoral level).

3. Participants at the doctoral level are asked to write a research paper on a research topic or question of interest to them. This paper should draw extensively on the readings in economics and public finance to develop a theoretical argument relevant to their topic and should review empirical evidence relevant to the argument. This exercise may be helpful in developing a literature review and theoretical framework for your dissertation prospectus.

   In lieu of the research paper, participants may write a paper on the ideas of a major philosopher or economic or political writer and their potential relevance to some important aspect or aspects of public finance or budgeting. This paper again may be useful in developing a foundation for your dissertation prospectus. Possible writers might include Adam Smith, Alexander Hamilton, James Madison, John Locke, David Hume, Jean-Jacques Rousseau, Michael Oakeshott, Hegel, August Comte, Adam Ferguson, Herbert Spencer. For an attempt of my own to do this in respect to Hayek, see "On Hayek and Taxation: in the March 1995 issue of the National Tax Journal.

   Whichever option is selected, the paper should run from fifteen to twenty double-spaced typewritten pages. Participants should let me know in writing of their topic with a brief paragraph and at least two references on the topic by February 1. The paper is due April 26. Participants should be prepared to make a 15-20 minute oral presentation of their paper and to distribute 10 copies of a one-page abstract on May 3 (30% of your grade). Masters students may elect if they wish to write a research paper.

4. Participants will be called upon each session and should be prepared to discuss questions on particular readings assigned. the quality of your responses will count for 10% of your grade.

V. PLAGIARISM

Plagiarized papers will not be accepted and may result in disciplinary action. Please consult University policies and statements on this question on the University website.

V. TEACHING APPROACH

This is a doctoral level course. As such, it provides an opportunity for you to engage in a structured program of reading and to participate in a discussion of ideas. It is important that you independently seek a grasp on these ideas and, therefore, you must take the time to read and think about the readings assigned. My lectures will be relatively few and will tend to focus on further applications of some of the ideas raised in the readings, taken from my own research. I will also discuss how I put together this research. In this way, I hope you may gain a better understanding the nature of the research process from at least one particular perspective and help you in your own research endeavors.

VI. SESSIONS


NOTE: Students feeling rusty may wish to acquire and review a standard introductory text in economics.

Session 2: Epistemology of economics and social science: ways of knowing.
Book Presentation:
Text readings: B & E 1 (Alec Cairncross); Buchanan 2, 3, 5; Hayek 14.
Outside Readings:
Milton Friedman. "Methodology in Positive Economics."
Friedrich A. Hayek. "Facts of the Social Sciences"
Article presentation:
Michael Spicer and Sven Lundstedt. "Understanding Tax Evasion." (Handout)

Session 3: The nature of the economic problem. The role of markets in resource allocation. The importance of worldviews

Book Presentation:
Text readings:  B & E 4 (Brunner and Meckling); Buchanan 1, 4; Hayek 7, 11, 13.
Article presentation:

Session 4: Public Goods

Book presentation:
Text Readings: B & E, 2 (Arrow), 13 (Head), 16 (Kindleburger); Bagschi 1 (9-14), 5 (McGuire), 7 (Musgrave); Buchanan, 11, 12; Hayek, 17.
Article presentation:

Session 5: Externalities. Merit Goods

Book Presentation:
Text Readings: B & E, 6 (Ruff), 8 (Hardin), 9 (Coase), 12 (Farrell); Bagschi 1 (14-18, 22-23), 6 (Sankar), 7 (Musgrave), 9 (Stigliz).

Outside Readings:


Article presentation:


Session 6. Equity, the Distribution of Income and Redistributional Policies.

Book Presentation:


Text Readings: B & E, 19 (Arrow), 20 (Rawls), 33 (Burtless and Haveman); Bagschi, 11 (Zee); Buchanan 13; Hayek 5

Article Presentation:


Session 7. Budgetary Process and Reform


Outside Readings:

Dan Cothran. “Entrepreneurial Budgeting: An Emerging Reform.”


Janet Kelly. “A Century of Budget Reform: The ‘Key’ Question.”


Verne Lewis. “Towards a Theory of Budgeting.”

Alan Schick. “The Road to PPB: The Stages of Budgetary Reform.”

Aaron Wildavsky. "Political Implications of Budget Reform; A Retrospective."

Article Presentation:

Michael Spicer "The British Health Care System: A Comparative Economic Perspective" (Handout)
Session 8. The Role of Cost-Benefit and Program Analysis.

Book Presentation:


Text Readings: B & E, 25 (Arrow); Hayek 4, 16.

Outside Readings:


Steven E. Rhoads. "Do Economists Overemphasize Monetary Benefits."

Article presentation:

Spicer, Michael W. “Determinism, Social Science, and Public Administration: Lessons from Isaiah Berlin.”


Book Presentation:


Text readings: B & E, 3 (Buchanan), 14 (Olson), 22 (Steen), 30 (Borchdering et al.); Bagschi, 1 (18-22), 3 (Buchanan), 8 (Borooah), Buchanan, 9.

Article presentation:


Book Presentation:

Ludwig Von Mises. *Bureaucracy*. Yale University Press, 1944

Text readings: B&E, 5 (Kelman), 21 (Foley); Buchanan, 15; Hayek, 19, 20, 21

Article presentation:

Session 11. Taxation

Text Readings: B & E, 34 (Hafer and Trebing), 38 (Goode), 39 (Pechman), 40 (Musgrave); Bagschi, 1 (31-37), 13 (Slemrod).

Outside readings:


Article presentation;

Michael W. Spicer. "On Friedrich Hayek and Taxation."

Session 12. Fiscal Federalism and Decentralization

Book Presentation:


Text Readings: B & E, 41 (Oates), 42 (Tiebout), 43 (McClure); Bagschi 1 (50-52), 21 (Oates)

Outside reading:

Friedrich Hayek. "Interstate Federalism"

Article presentation

Michael W. Spicer. "Justices of the Peace in Stuart England and American Public Administration.” (Handout)

Session 13. Mercantilism: a discredited alternative?

Book Presentation:


Outside Reading:


Article presentation:

Michael W. Spicer. “Cameralist thought and Public Administration.”

Session 14. Participant Presentations
ESSAY QUESTIONS

SECTION A

1. Discuss the role of theory and facts in investigating questions in economics and public finance. Discuss some of the contributions and limitations of economic theory in general as a way of looking at the world. (Sessions 2 & 3)

2. Discuss the role that our views about the nature of human beings and politics play in academic and public policy discourse. (Sessions 2 & 3)

3. Explain the economist's view of the appropriate role of government finance in society. Assess the strengths and limitations of this view. (Sessions 4 & 5).

4. Discuss the role that morals play in shaping human interactions both in markets and in government. (Session 4 & 5)

5. Discuss critically both the various meanings and role of social justice or equity as a guide to public policy and administration. (Session 6)

SECTION B

6. Since the early part of the last century, a variety of efforts have been made to introduce a greater degree of rationality and planning into the budgetary process. Describe these efforts briefly and provide a critical assessment of these efforts. (Sessions 7, 8)

7. Explain briefly the characteristics of cost-benefit analysis. Provide an assessment of its contributions and limitations as a tool for public policy. (Session 8)

8. What is meant by the term "public choice" in economics. Discuss some of the major propositions of public choice theory and the contributions and limitations of the public choice approach to issues of public finance and public policy. (Sessions 9 and 10)

9. Discuss the principles that economists use to evaluate tax structures. Provide a critical assessment of the usefulness of these principles. (Session 11)

10. Discuss the economic arguments for centralization and decentralization in the structure of government. Provide a critical assessment of these arguments. (Session 12)

11. Discuss the role that mercantilist ideas, including those of cameralism, have played in the development of economic and political thought. (Session 13)