



THE OHIO STATE UNIVERSITY

JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

Doctoral Seminar in Public Economics

Public Affairs 8050

Spring 2015

Version: February, 2015

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Office Hours: Monday 2PM to 4PM or by appointment
Course web site:

Meeting time: Monday 9:00 – 12:00
Classroom: Page Hall 0240
Course Credits: 3
Class Meeting Monday 9-12

Course material

Required

Besley, Timothy. 2007. *Principled Agents? The political economy of good government*. Oxford University Press. ISBN: 978-0-19-928391-0 [paperback]

Hirschman, Albert O. 1970. *Exit, Voice and Loyalty*. Harvard University Press. ISBN: 9780674276604 Available as an e-book through Carmen

Olson, Mancur. 1984. *The Rise and Decline of Nations*. Yale University Press. ISBN: 978-0-30-003079-2

Wheelen, Charles. *Naked Economics*. 2nd edition. W.W. Norton & Co. ISBN: 9780393337648

Atkinson, Anthony and Joseph E. Stiglitz. 2015. *Lectures on Public Economics*. Princeton University Press. Hardcover \$50. ISBN: 978-0-691-16641-4 [hardback] Portions of this book have been assigned. See the discussion on it below.

The remaining material covered in the course is available in the courses folder on Carmen.

Atkinson, Anthony and Joseph E. Stiglitz. 2015. *Lectures on Public Economics*. The 2015 version of the book has a new introductory essay by the authors that discusses the location of public economics as a specialization within economics. The book is appropriate for those with a very strong interest in specializing in the research subfield of public economics. This book is written for Ph.D. students in economics and the treatment is mathematical. The discussions are accessible to those who were undergraduate economics majors with a calculus based microeconomic theory course. It is the best value among the textbooks on the market. This course only covers about 10% of the book. This is because this course is a public policy course about public economics, rather than a course that is expected to prepare you to participate in developing the theory of public economics in the subfield itself. As such the course covers material not typically found in a public economics course taught in an economics department.

Recommended

Hendricks, Jean and Gareth D. Myles. 2013. *Intermediate Public Economics*. MIT Press.

Hardcover \$95. Text ISBN: 978-0-262-01869-2 [hardback]; Solution Manual ISBN: 978-0-262-51848-2 [paperback]

Intermediate Public Economics is a complete treatment of the field, at nearly 1,000 pages, and is written for undergraduate majors in economics. The calculus used is well explained, with most of the analytic treatment being graphical and algebraic. Calculus is used extensively in the problem sets and in the solutions manual. The second edition has been heavily revised. If I were reading this material with an eye of writing in the area I'd use this text to supplement Atkinson and Stiglitz.

Stiglitz, Joseph E. and Jay K. Rosengard. *Economics of the Public Sector*, 4th Edition. 2015.

New York: Norton. [\$170 and the book that has the answers to the problem sets is another \$35]. Text ISBN: 978-0-393-92522-7 [paperback]

Economics of the Public Sector is a comprehensive, largely graphical, treatment of public economics written by two of the leaders in the field. The book is superb and the most accessible for the mathematically challenged, but the price prevents me from assigning it. The calculus is in the footnotes, where the explanation is as clear as can be.

Students can access textbook information via the Barnes & Noble bookstore website: www.shopOhioState.com as well as from their BuckeyeLink Student Center. This information is disseminated by B&N to all area bookstores. You may buy from a store of your choice and/or shop for books (always use ISBN# for searches) on line.

Description: The purpose of the course

The seminar is a public policy approach to understanding the portion of the economy influenced by government. Material is drawn from public sector economics, public choice theory, and public budgeting and public finance. The course is designed to introduce doctoral students to the economics of the public sector: its size, scope, and impact on the allocation of goods, services, and opportunities as well as finding ways to pay for them. In so doing, the course covers public choice aspects of non-market resource allocation.

A goal of the course is to prepare doctoral candidates at the Glenn College for their general examinations, in addition to helping them shape their research and teaching. Students should be able to approach public policy issues rigorously, apply heuristic, or logic, models based of economic behavior to public policy issues, and develop testable hypotheses about expected outcomes.

There are three components to the academic practice of public policy: policy evaluation, policy theory, and policy formation. You can think of these as the positive and normative sides of our field. Evaluating public policies occupies the central ground of the academic enterprise and is an exercise in positive analysis. The work can be technically challenging, but in academic terms it occupies the safest ground because it is hypothesis driven and historical. There is a stated outcome, goal or objective. Behavioral theories from economics, political science, and sociology generate hypothesized outcomes. Policies have been implemented, frequently money has been spent and outcomes generated. And, multiple methods exist for testing the outcomes. The second branch of the field is normative and it consists of theory building, where small abstract behavioral models are developed and predictions about outcomes are made. It is also an arena where politics is frequently absent

and it is an intellectual space that is frequently occupied by microeconomists. The exception is the work done on public choice theory.

The third branch of the field is public policy formation. Public policy formation is about changing behaviors, changing resource distributions, correcting market or government failures, or shaping markets to reach some social objective. Unfortunately, it is also here where industries are protected against competition, special interests argue for specific distributions of resources or income, and where taxation theory is best represented by a famous quote from Louisiana's storied Depression-era Senator, Russell B. [Huey] Long: "Don't tax you; don't tax me; tax the fellow behind the tree." Policy formation is where public policies are imagined and designed, coalitions are built to argue for them, and the process of implementing and managing the policy takes place. Evaluation is by definition an exercise in historical research; policy formation is forward looking. As an aside, I have always found it curious that academicians put greater professional weight in public policy evaluation than in public policy formation.

There are many times when public policy experts are asked to leave their analytical roles and provide advice on "best bets" or "promising practices" for a client. These are occasions when analysts have to understand consultative methods and practices rather than arms-length approach of analytical research. If successful, the course will also help students in their forward-looking engagements.

Course Components

- 1) The majority of each class meeting will consist of discussing the assigned readings in seminar fashion. I will begin each session with a short presentation and then students will present the assigned articles to the class. Knowledge gained in this more traditional portion of the seminar will be examined by a mid-term examination and part of the take-home final examination. Please use [and hopefully improve] the rubric that I provide on how to review an article at the end of this section of the syllabus.
- 2) The Purchase Power Proposals made by FirstEnergy and AEP and related testimony: The class will examine the several proposals made by FirstEnergy and AEP to Ohio's Public Utilities Commission from economic and public choice perspectives as well as analyze the way in which the proposals evolved. You may use all of the testimony submitted in the case. Part of your final examination will consist of presenting a recommended solution to the PUCO's commissioners. The case will be ongoing with a new trail set for early January and the PUCO is likely to make its ruling during the semester. If so, your final will also ask you to analyze the final ruling. [I am expert witness in the case, as is Professor Dormady.]

Grading

- 1) Class participation, **Weight: 20%**. Class participation does not mean presenting opinions, it reflects asking and answering questions in ways that reflect knowledge of the readings and a thoughtful reflection on the literature as well as interacting with class participants in a respectful manner.
- 2) Presentation of reading materials, **Weight: 20%**. Successful presentations reflect a thoughtful and complete discussion of the selected reading. The presentation should reflect all portions of the rubric that is discussed in the seminar.

- 3) Midterm examination, **Weight 30%**. The examination will be a take home.
- 4) Final Examination, **Weight 30%**—in-class
 - a. Examination of a cumulative understanding of the readings and discussions: **These questions will be designed to approximate the general examination questions.**
 - b. **The examination will be scheduled for two hours with the same rules as will hold for the Glenn College Ph.D. General Examinations.**

Policies

Academic Integrity/ Academic misconduct

(From: <http://oaa.osu.edu/coamfaqs.html#academicmisconductstatement>)

The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's [Code of Student Conduct](#) and that all students will complete all academic and scholarly assignments with fairness and honesty. Failure to follow the rules and guidelines established in the University's Code of Student Conduct may constitute "Academic Misconduct." Sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

In the Ohio State University's [Code of Student Conduct](#), Section 3335-23-04 defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's [Code of Student Conduct](#) is never considered an "excuse" for academic misconduct.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

Other sources of information on academic misconduct (integrity) to which you can refer include:

The Committee on Academic Misconduct web page: <http://oaa.osu.edu/coam.html>

Ten Suggestions for Preserving Academic Integrity:

<http://oaa.osu.edu/coamtensuggestions.html>

Eight Cardinal Rules of Academic Integrity: www.northwestern.edu/uacc/8cards.html

Accommodation Policy

“Students with disabilities that have been certified by the Office for Disability Services will be appropriately accommodated and should inform the instructor as soon as possible of their needs. The Office for Disability Services is located in 150 Pomerene Hall, 1760 Neil Avenue; telephone 292-3307, TDD 292-0901; <http://www.ods.ohio-state.edu/>.”

Mental Health Statement

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student’s ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If you or someone you know is suffering from any of the aforementioned conditions, you can learn more about the broad range of confidential mental health services available on campus via the **Office of Student Life Counseling and Consultation Services (CCS)** by visiting ccs.osu.edu or calling 614-292-5766. CCS is located on the 4th Floor of the Younkin Success Center and 4th Floor of the PAES Building. 24 hour emergency help is also available through the National 24/7 Prevention Hotline at 1-800-273-TALK or at suicidepreventionlifeline.org

Grading

A grading scale (example)

| | | | | | |
|----------|----|---------|----|------------|----|
| 93 - 100 | A | 80 - 82 | B- | 68 - 69 | D+ |
| 90 - 92 | A- | 78 - 79 | C+ | 64 - 67 | D |
| 88 - 89 | B+ | 73 - 77 | C | 63 & below | E |
| 83 - 87 | B | 70 - 72 | C- | | |

Notes:

There is **no grade of "D-"** at Ohio State.

For a narrative explanation of what constitutes an "A," "A-," etc. see faculty rules:

<http://trustees.osu.edu/rules/university-rules/rules8/ru8-21.html>

Grade Appeals

The assigned grade is designed to show the overall quality of work performed by each student. If you believe that any grade was not properly assigned you may write a letter explaining why you believe the grade was incorrectly assigned within one week of receiving the graded assignment back. Each appeal will be considered, and if a re-grade is performed, the entire assignment will be re-graded. The final grade may be greater, less, or equal to the original grade.

Resources

Statistical Consulting: Students wishing to have additional help with the statistical analysis for their papers may consult with the Statistical Consulting Service (www.scs.osu.edu/) and enroll in their Stat 5700 course (<http://www.scs.osu.edu/stat5760.html>).

Writing Consulting: Students wishing to have additional help with the writing of their papers can meet with a consultant at the Writing Center (<https://cstw.osu.edu/writing-center>).

Library Assistance: The Glenn College has a dedicated librarian at OSU Libraries, David Lincove (lincove.1@osu.edu), who can help provide research assistance. For more information and links to some common public affairs resources, see - <http://go.osu.edu/8gx>.

Class assignments and required reading

+ Required. an electronic version of the reading is available on Carmen

* Required, book has been ordered through the bookstore

** Recommended and the reading is available on Carmen

*** Recommended, the reading is available in a book ordered through the bookstore

**** Recommended but the book has not been ordered

Numbers associated with the section headings correspond to the folder numbers on Carmen

January 11

1. Introduction

1.1 Economic thinking

+ Friedman, Milton, 1953. "The methodology of positive economics," in M. Friedman [Ed], *Essays in Positive Economics*: Chicago.

+ Debru, G. 1991. "The mathematization of economic theory," *American Economic Review*

+ Hausman, D. M. 1989. "Economic methodology in a nutshell," *Journal of Economic Perspectives*, Spring

+ Becker, Gary. 1993. "The economic way of looking at behavior." Nobel Lecture. *The Journal of Political Economy* 101(3): 385-409.

+ Cordes, Joseph J. 1997. "Reconciling normative and positive theories of Government." *The American Economic Review* 87(2): 169-172.

** Taylor, Timothy. 2012. "From the desk of the Managing Editor." *Journal of Economic Perspectives*. Spring. 26(2): 27-40. This is a short essay from the editor of the journal on academic writing in the area of economics.

January 11

1.2 The rhetoric of economics

+ McCloskey, D. 1983. "The rhetoric of economics," *Journal of Economic Literature*. June.

**** McCloskey, Donald M. 1985. *The Rhetoric of Economics*: University of Wisconsin Press.

**** McCloskey, Donald M. 1990. *If You're So Smart: The narrative of economic expertise*. University of Chicago Press.

January 11

1.3 The power of markets

* Wheelan, Charles. 2002. *Naked Economics*. W.W. Norton & Co.

Chapter 1: The power of markets: 3-22

Chapter 2: Incentives matter: 23-42.

January 11

1.4 Public policy formation—another form of hypothesis testing

+ Vaughan, Roger J. 1988. "Economists and economic development," *Economic Development Quarterly*. 2(2): 119-123.

- + Acemoglu, Daron and James A. Robinson. 2013. "Economics versus politics: Pitfalls of policy advice." *Journal of Economic Perspectives*. Spring 27(2): 173-192.
- + Goolsbee, Austan D. and Alan B. Krueger. 2015. "A Retrospective Look at Rescuing and Restructuring General Motors and Chrysler." *Journal of Economic Perspectives*, Spring 29(2): 3-24.
- + Markusen, Ann R. 1999. "Fuzzy concepts, scanty evidence, policy distance: The case for rigor and policy relevance in critical regional studies," *Regional Studies* 33(9): 869-884.
- **** Vaughan, Roger J. and Terry F. Buss. 1998. *Communicating Social Science Research to Policy Makers*. Sage Publications.

Makeup for the January 18 class—to be scheduled

2. Public Economics as a Field of Study

- * , + Atkinson and Stiglitz. 2015. *Lectures on Public Economics*, Introduction to the 2015 edition, pp. i – xxx
Lecture 1: Introduction: Public Economics. pp. 3-18.
- + Musgrave, Richard. 1985. "A brief history of fiscal doctrine." Aurbach, A. and M. Feldstein [eds.] *Handbook of Public Economics*. Elsevier Press.
- + Dreze, Jaques H. 1995. Forty Years of Public Economics: A Personal Perspective." *Journal of Economic Perspectives*, Spring, 9(2): 111-130.
- + Poterba, James M. 2002. "Recent Developments in and Future Prospects for Public Economics." *The American Economist*, Fall, 46(2): 20-30.
- + Atkinson, Anthony B. 2012. "The Mirrlees Review and the State of Public Economics." *Journal of Economic Literature*, September, 50(3): 770-780.
- + Chetty, Raj and Amy Finkelstein. 2012. Program Report: The Changing Focus of Public Economics Research, 1980-2010. *NBER Reporter* 2012(1).
- * , + Atkinson and Stiglitz, 2015. *Lectures on Public Economics*, Lecture 18: Public Economics: Theory and Policy, pp. 466-480.

Makeup for cancelled January 18 class—to be scheduled

3. Public Expenditure and Welfare Maximization

- + Bator, Francis (1957) "The simple analytics of welfare maximization," *American Economic Review* (March) 47(1): 22-59.
- + Samuelson, Paul A. 1954. "A pure theory of public expenditure." *The Review of Economics and Statistics*, 36(4): 387-389.
- + Samuelson, Paul A. 1955. "A diagrammatic exposition of a theory of expenditure." *Review of Economics and Statistics*.
- ** Hindriks and Myles. *Intermediate Public Economics*. Chapter 2: Equilibrium and Efficiency, pp. 13-50.

4 Government and the economy

January 25

4.1 Philosophy and pragmatism

- + Musgrave, Richard. 1985. Chapter 1: "Fiscal functions: An overview," in Richard Musgrave and Peggy Musgrave, 1985. *Public Finance in Theory and Practice*, 5th edition. McGraw-Hill.

- + Musgrave, Richard A. 1999. Chapter 3, "The nature of the fiscal state: The roots of my thinking." In James M. Buchanan and Richard A. Musgrave. *Public Finance and Public Choice: Two Contrasting Visions of the State*. MIT Press, reprinted as Chapter 2 in Bagchi (Ed.) *Readings in Public Finance*. Oxford University Press, 2005. Pp. 61-77.
- + Buchanan, James M. 1987. "The constitution of economic policy: Nobel Prize Lecture." *American Economic Review*. 77(3): 243-250.
- + Buchanan, James M. 1975. "Public finance and public choice." *National Tax Journal*, December: 383-394.
- + Oates, Wallace E. 1999. "An essay on Fiscal Federalism." *Journal of Economic Literature*, September, 37(3): 1120-1149.
- + Oates, Wallace E. 1985. "Searching for Leviathan: An empirical study." *American Economic Review*, September 75(4): 748-757
- ** Hindriks and Myles. *Intermediate Public Economics*. Chapter 4. Public Sector Statistics. Pp. 89-146.

January 25

4.2 The public sector: Federal

- + White House, Office of Management and Budget. 2015. 58 files on U.S. Government Finance are posted. They were downloaded in December 2015. <https://www.whitehouse.gov/omb/budget/Historicals>
- + Schuyler, Michael. 2014. *A Short History of Taxing and Spending in the United States*. The Tax Foundation.
- + Reinhart, Carmen, Vincent Reinhart, and Kenneth S. Rogoff. 2012. "Public debt overhangs: Advanced-economy episodes since 1800." *Journal of Economic Perspectives*, Summer, 26(3): 69-86.
- + Pescatori, Andrea, Damiano Sandri, and John Simon. 2014. *Debt and Growth: Is there a magic threshold?* Working Paper 14/34 International Monetary Fund. <http://www.imf.org/external/pubs/ft/wp/2014/wp1434.pdf>
- + Lo, Stephanie and Kenneth Rogoff. 2015. "Secular stagnation, debt overhang and other rationales for sluggish growth, six years on." BIS Working Papers No 482. <http://www.bis.org/publ/work482.pdf>
- + The following document contains series of comments and posts on the debate about this stream of work by Carmen Reinhart and Ken Rogoff. There are two components. One revolves around data errors found by two graduate students at the University of Massachusetts and the way the data were analyzed. The second is on the way the results are interpreted. Reinhart and Rogoff: A public debate [collected by Ned Hill]

February 1

4.3 Public Sector: State

- + Joint Tax Center. 2015. *State and Local Spending*. State and Local Finance Initiative. The Urban Institute.
- + Joint Tax Center. 2015. *State and Local Revenues*.
- + Francis, Norton and Frank Sammartino. 2015. *Governing with tight budgets*. State and Local Finance Initiative. Urban Institute.

- + Dadayan, Lucy and Donald J. Boyd. 2015. "Another strong tax quarter for the states, but less promising forecasts for Fiscal 2016." *State Revenue Report*. Nelson A. Rockefeller Institute of Government, SUNY-Albany.
- + Gale, William, Aaron Krupkin and Kim Rueben. 2015. The growth mirage: State tax cuts do not automatically lead to economic growth. Tax Policy Center of the Brookings Institution and Urban Institute.
- + Brown, Jeffrey R. and Richard F. Dye. 2015. Illinois pensions in a fiscal context: A (Basket) case study. Working Paper 21293. National Bureau of Economic Research.
- ** Stiglitz and Rosengard, *Economics of the Public Sector*, Chapter 27: Subnational Taxes and Expenditures, pp. 832-850.

February 1

4.4 Public Sector: Local

- *, +Atkinson and Stiglitz, *Lectures on Public Economics*. Lecture 17 Local Public Goods. pp. 435-465.
- + Tiebout, Charles M. (1956) "A pure theory of local government expenditures," *Journal of Political Economy*: 416-424.
- + Glaeser, Edward L. 2007. *Do Regional Economies Need Regional Coordination?* Harvard Institute of Economic Research, Discussion Paper 2131.
- + Oates, Wallace E. 1969. "The Effects of Property Taxes and Local Public Spending on Property Values: An empirical study of tax capitalization and the Tiebout Hypothesis." *Journal of Political Economy*, November 77(6): 957-971.
- + Oates, Wallace E. and Robert M. Schwab. 1988. "Economic Competition Among Jurisdictions: Efficiency Enhancing or Distortion Inducing?" *Journal of Public Economics* 35:333-354.
- + Krane, Dale, Carol Ebdon and John Bartle. 2004. "Devolution, Fiscal Federalism, and Changing Patterns of Municipal Revenues: The Mismatch between Theory and Reality." *Journal of Public Administration Research and Theory* 14(4):
- + Wolman, Harold. 1988. "Local Economic Development Policy: What explains the divergence between policy analysis and political behavior?" *Journal of Urban Affairs*. 10(1): 19-28.
- ** Wolkoff, Michael. 1992. "Is Economic Development Decision Making Rational?" *Urban Affairs Review* March 27(3): 340-355.
- ** Hindriks and Myles, *Intermediate Public Economics*. Chapter 19: Fiscal Federalism and Chapter 20: Fiscal Competition. pp. 635-702.

February 8

5. Baumol's Cost Disease

Popular articles

- + Surowiecki, James. 2003. "What ails us." *New Yorker*: 27.
- + Roberts, Sam. 2003. "When cities go broke, the options are few." *New York Times* (April 20, 2003).

Academic articles

- + Baumol, William J. 1967. "Macroeconomics of unbalanced growth." *American Economic Review*, June: 57(3): 415-426.
- + Baumol, William J., et al. 1985. "Unbalanced growth revisited: Asymptotic stagnancy and new evidence." *American Economic Review*, September 74(4):806-817.
- + Triplett, Jack E. and Barry Bosworth. 2005. "Productivity measurement issues in services industries: Baumol's disease has been cured." *Economic Policy Review*, September 9(3):23-33.
- + Wolf, Edward N., William J. Baumol, and Anne Noyes Saini. 2014. "A comparative analysis of education costs and outcomes: The United States vs. other OECD countries." *Economics of Education Review* 39:1-21.
- + Bates, Laurie and Rexford Santerre. 2015. "Does Baumol's cost disease account for nonfederal public-sector cost growth in the United States? A new test of an old idea." *Social Science Quarterly* 96(1): 251-260.
- ** Martin, Robert E. and R. Cater Hill. 2014. Baumol and Bowen cost effects in research universities. Working Paper. Social Science Research Network. <http://ssrn.com/abstract=2153122>
- ** Baumol, William J. 1963. "Urban services: Interactions of public and private decisions." In Howard G. Schaller [ed.] *Public Expenditure Decisions in the Urban Community*. Washington, DC: Resources for the Future.
- **** Baumol, William J. 2012. *The Cost Disease: Why computers get cheaper and health care doesn't*. Yale University Press.

February 8

6. Market failure

- + Stiglitz and Rosengard, *Economics of the Public Sector*. Chapter 4: Market Failure, pp. 81-100.

February 8

6.1 Externalities or Spillovers

- + Coase, Ronald (1960) "The problem of social cost," *Journal of Law and Economics* 3: 1-44.
- + Lai, Lawrence. 2007. "The problem of social cost': the Coase theorem and externality explained," *Town Planning Review* 78(3):335-368.
- + Turvey, Ralph. 1963. "On the divergences between Social Costs and Private Costs." *Economica*, August 30(19): 309-313.
- + Timothy J. Bartik. 1990. "The market failure approach to regional economic development policy." *Economic Development Quarterly* 4(4): 361-370.
- ** See the "New Institutionalists" at the History of Economic Thought website: [//cepa.newschool.edu/net/home.htm](http://cepa.newschool.edu/net/home.htm)

February 15

6.2 Transactions costs

- + Williams, Oliver E. 2010. "Transaction cost economics: The natural progress," Nobel Lecture. *American Economic Review*, June 100: 673-690

- + Nobel Economic Sciences Prize Committee. 2009. *Economic Governance*, Scientific Background Paper, pp. 1-8.
- + Williamson, Oliver E. 1981. "The economics of organizations: The transactions cost approach." *American Journal of Sociology* 87(3): 548-577.
- + Coase, Ronald H. 1988. "The nature of the firm: Influence." *Journal of Law, Economics & Organization*, Spring 4(1): 33-47.
- + Coase, Ronald H. 1992. "The institutional structure of production," Nobel Lecture. *American Economic Review*, September 82(4): 713-719.
- + Nobel Economic Sciences Prize Committee. 2014. *Jean Tirole: Market Power and Regulation*, Scientific Background Paper.
- ** Coase, Ronald H. 1937. "The nature of the firm." *Economica* 4(16): 386-405.

February 15

6.3 Agglomeration

- + Chinitz, Benjamin. 1961. "Contrasts in agglomeration: New York and Pittsburgh," *American Economic Review* 51(2) (May): 279-289.
- + Glaeser, Edward L. and Joshua Gottlieb. 2009. *The wealth of Cities: Agglomeration Economies and Spatial Equilibrium*. National Bureau of Economic Research Working Paper 14806.
- + Bolton, Roger. 1992. "'Place prosperity versus people prosperity' revisited: An old issue with a new angle" *Urban Studies* 29(2): 185-203.
- + Hsieh, Chang-Tai and Enrico Moretti. 2015. *Why do cities matter? Local growth and aggregate growth*. National Bureau of Economic Research, Working Paper 21154.
- + Glaeser, Edward L. 2003. *Reinventing Boston: 1640-2003*. Harvard Institute of Economic Research Discussion Paper 2017.
- + Glaeser, Edward L. 2005. *Urban Colossus: Why is New York America's Largest City?* Harvard Institute of Economic Research Discussion Paper 2073.

February 29 – March 7

7. Taxation

- + Stiglitz and Rosengard, *Economics of the Public Sector*. Pp. 505-605.
 Chapter 17: Introduction to Taxation
 Chapter 18: Tax Incidence
 Chapter 19: Taxation and Economic Efficiency

March 14 Spring Break

March 21

An Integrated System of State-Municipal Taxation for Ohio

March 28

8. Why Is Change Difficult? Government, Institutions and Markets

- *, +Hirschman, Albert O. (1970) Ch. 7: "A theory of loyalty," in *Exit, Voice and Loyalty*. Harvard University Press: 77-126.

- * Olson, Mancur (1984) *The Rise and Decline of Nations*. (Yale University Press)
Chapters 1-3, pp. 1-74
Chapter 1 The questions and the standards a satisfactory answer must meet
Chapter 2 The logic; Chapter 3 The implications
- * Besley, Timothy. 2006. *Principled Agents? The political economy of good government*. The Lindahl Lectures. Oxford University Press.

April 4

9 Collective Action: Public choice

- + Ostrom, Elinor. 2010. "Beyond markets and states: Polycentric governance of complex economic systems," Nobel Lecture. *American Economic Review*, June 100: 641-672.
- + Nobel Economic Sciences Prize Committee. 2009. *Economic Governance*, Scientific Background Paper, pp. 8-19. [Filed in Transaction Cost section]
- + Whaples, Robert and Jac C. Heckelman. 2005. "Public choice economics: Where is the consensus?" *American Economist*, Spring, 49(1): 66-7.
- + Ostrom, Elinor. 2000. "Collective action and the evolution of social norms." *The Journal of Economic Perspectives* 14(3): 137-158.
- + Granovetter, Mark. 2005. "The impact of social structure on economic outcomes." *The Journal of Economic Perspectives* 19(1): 33-50.
- ** Stiglitz and Rosengard, *Economics of the Public Sector*. Chapter 9: Public choice, pp. 230-266.

April 11

10. Budgeting

- + Key, V. O. 1940. "The Lack of a Budgeting Theory." *American Political Science Review*, December 34(6): 1137-1141.
- + Lewis, Verne B. 1952. "Toward a Theory of Budgeting." *Public Administration Review*, winter 12(1): 42-54.
- + Rubin, Irene S. 1990. "Budget Theory and Budget Practice: How Good the Fit." *Public Administration Review* 50(2): 179-189.
- + Wildavsky, Aaron. 1992. "'Political Implications of Budget Reform:' A Retrospective." *Public Administration Review*, November/December 52(6): 594-599.
- + Kelly, Janet M. 2005. "A Century of Public Budgeting Reform: The 'Key' Question." *Administration and Society*, March 37(1): 89-109.
- + White, Joseph. 1998. "Making 'Common Sense' of Federal Budgeting." *Public Administration Review* 58(2): 101-110.
- **** Rubin, Irene S. 2014. *The Politics of Budgeting*, 7th edition. Sage, CQ Press.

April 18 and 25

11. The FirstEnergy-AEP Purchase Power Agreement

Material to be assigned before this section begins

Group Project Team Evaluation Rubric

Please use this rubric to create a spreadsheet for your team. Each team member should be listed in a row and each of the 6 portions of the assessment should be a column

Your Name:

Please grade the other members of your group on the items listed for columns 1 to 4 using the following 0 to 4 grading scale.

0 Made no contribution

1 Grudging contribution; extremely low quality or the contribution had little or no impact

2 Contributed, but effort or quality was uneven

3 Acceptable effort; what I expect from a group member [This is a good grade]

4 High quality work; made significant contributions

Column 1. **Intellectual contribution** [Framed research & issues, came up with solutions]:

Column 2. **Quality of work:**

Column 3. **Dependability** [did what was agreed to, on time, with thought]:

Column 4. **Team work: responded positively** to criticism, review, or comment:

Column 5. **Sum of items 1 to 4**

Column 6. **Overall Assessment** Please use the following 5 point scale:

0. *I never want this person on a project team again!* The person made no contribution or was disruptive and confrontational. Having this person on the team reduced the productivity of the group.

1; *Spare me; a difficult team member. The team member had to be carried by the rest of the team. I'd rather not have this person as a team member in the future.*

The quality of the work was disappointing. The person tried to contribute to the project but the work was either of low quality or extremely late.

2; *Not a high performer;* The person made an effort but the contributions were either of low quality or uneven. Someone else had to pick up the slack.

3; *A solid part of the team.* Did their work consistently, made genuine contributions, and was a solid member of the team. I'd gladly work with this person again. [This should be the modal grade for your group]

4; *Unsung Hero/Ultimate team player.* Stepped up and did the heavy lifting when required.

5; *Walk on water good.* Kept the process moving, helped keep the group together, was the glue [This should be a very rare grade and in most cases will not be awarded]

Questions to Answer When Reviewing an Article

There is a lot to read and remember in any seminar course and the challenge is compounded when the course is partially designed to prepare students for general examinations. Besides keeping piles of 3-ring binders with pages liberally painted with a highlighter or stuffing a computer with annotated pdfs how do you prepare for class, course examinations and general exams? My suggestion is that after reading and taking notes on the reading spend some time and answer the following questions about the work.

1. Record the title, author, and place of publication
2. Identify the hypothesis, question, theoretical point, and/or issue the piece is designed to examine.
3. Overview: A brief summary of the piece. This is your abstract of the piece. If the article has an abstract: do you agree with it, or do you have a different take on the contribution?
4. How is the argument constructed? How was the hypothesis tested? What methods were used? [Inductive, deductive, quantitative, qualitative, mixed methods] What were the results?
5. How is validity determined? [To brush up go to the Social Science Research Methods page on validity: www.socialresearchmethods.net/kb/measval.php Another source is Wikipedia's page on Validity [statistics]: [https://en.wikipedia.org/wiki/Validity_\(statistics\)](https://en.wikipedia.org/wiki/Validity_(statistics))]
6. Answer the "so what" question? Determine the contribution of the piece—if any.

This framework does not apply as well to a theoretical contribution. In the case of a theory piece, the first three questions still hold, but the overview will be longer because you will have to summarize the theoretical contribution and tie it much more closely to the way the argument was constructed. If it is proof, perhaps write the proof down. After that questions 5 and 6 remain the same.