

San Jose State University  
Department of Economics

Dr. Tom Means  
Spring 2019

## ***Economics 133*** ***Public Choice Economics***

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**Faculty**

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**Office**

**Hours:** MW 12:00 – 1:15pm, and by appointment

**Add/**

**Drops:** You are responsible for all University and Department guidelines regarding the adding and dropping of a class. Please consult the SCHEDULE OF CLASSES.

**Text:** *Public Sector Economics: The Role of Government in the American Economy*, Randall Holcombe, 6<sup>th</sup> ed., Pearson, 2006

**Student**

**Learning**

**Objectives:**

- ✓ Learn the basic differences between private and public institutions.
- ✓ Learn basic approaches to government production.
- ✓ Learn basics of collective/political decision-making.
- ✓ Learn basics of rent-seeking and special interest groups.
- ✓ Learn basic economic analysis of local government policies.

**Course**

**Info:** This is an introductory upper division course in Public Choice Theory. The course will focus on political institutions, voting, rent seeking, special interests, legislative and judicial decision-making, bureaucracy, and the provision of government services. Public Choice Theory approaches decision-making similar to the approach of decision-making in the private sector. Politicians and Government Bureaucrats are motivated by self-interest or purposeful behavior. A pre-requisite for this course is a

principles course in microeconomics. You must be able to apply basic economic tools to analyze policies promoted by government bureaucrats and special interest groups.

I served in local government for the city of Mountain View for over 15 years. I served two 4 year terms on the City Council (Mayor in 2008), six years as a Parks and Recreation Commissioner, and served on the Rental Housing Commission. As a result of my local government experience, Economics 133 will cover basic public choice theory with special emphasis on local government.

Attendance in class is highly recommended since lecture material will go into more depth than the text. Lecture material will also be emphasized on the exams and some lecture material is not in the text. If you are having problems with the course material, please see me early on in the course. I might be able to help you achieve better results if I know of your problem soon enough.

This is a four-unit course. This syllabus has learning objectives, rigor, class meeting times, and assignments commensurate with the expectation of 12 hours of work per week across 15 weeks in a semester. For reference, under a traditional three-unit course, you were expected to complete 9 hours of work per week inclusive.

**Disability:** Any student with a disability requiring an accommodation should make this need known to the instructor during the first class period. Every effort will be made to accommodate your needs.

**Exams, Lab and Homework:** There will be **two exams** of equal weight, equally spaced throughout the course. The exams will be **closed book**. Incomplete grades will only be considered if you have a grade of C or better. Grading will be done on a curve.

Exam #1	35%
Exam #2(Final)	35%
<u>Homework/Classroom Work</u>	<u>30%</u>
	100%

**Classroom Protocol:**

*Turn off cell phones. You are late to class when I close the front door to the classroom. If you are late, enter thru the rear door. If you need to leave class early, sit in the rear of the classroom.*

**Course Outline:**

01/28(M)	The Public Sector (1)
01/30(W)	Principles for Analyzing Government (2)
02/04(M)	Property Rights and Economic Efficiency (3)
02/06(W)	Zoning Laws
02/11(M)	Externalities (4)
02/13(W)	Local Smoking Ordinances
02/18(M)	Public Goods (5)
02/20(W)	Public Parks, Public Gardens
02/25(M)	Economic Role of Government (6)
02/27(W)	Local Land Development
03/04(M)	Collective Action (7)
03/06(W)	Local Marijuana Ordinances
03/11(M)	Public Sector Demand (8)
03/13(W)	Local Rent Control Ordinances
03/18(M)	Local Minimum Wage Ordinances
03/20(W)	
<b>03/25(M)</b>	<b>Review</b>
<b>03/27(W)</b>	<b>Midterm Exam</b>
<b>04/01 – 04/05 SPRING BREAK – no classes</b>	
04/08(M)	Supply & Demand in Political Markets (9)
04/10(W)	Production of Local Goods
04/15(M)	Principles of Taxation (10)
04/17(W)	Local Taxes
04/22(M)	Principles of Tax Policy (11)
04/24(W)	Nexus Based Taxes
04/29(M)	Taxes on Economic Transactions (12)
05/01(W)	New Local Taxes
05/06(M)	Property Taxes (15)
05/08(W)	Proposition 13
05/13(M)	The Budgeting Process (17)

05/13(M) Local Government Budgeting, Review

**05/16(R) Final Exam 12:15 - 2:30 pm**