



## JONES COLLEGE OF BUSINESS

### Course Syllabus

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**ECON 6430/7430**  
**Public Finance (3 Credit Hours)**  
**Monday & Wednesday 4:10-5:35 PM**  
**BAS S337**

"...my ultimate purpose, either in writing or in lecturing, is not so much to convince readers or listeners of the merits of my argument as to engage them in an ongoing discussion."  
- James M. Buchanan (*Economics from the Outside In*)

### Instructor Information

Instructor: Daniel J. Smith  
Email: [Daniel.smith@mtsu.edu](mailto:Daniel.smith@mtsu.edu)  
Office: N138 BAS  
Phone: 615-904-8485  
Office Hours: 9:00 AM -12:00 PM Monday & Wednesday  
Syllabus Date: Tuesday, September 4, 2018

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### MISSION OF THE JONES COLLEGE OF BUSINESS:

The mission of the Jones College of Business is to:

- ◆ Foster student success in a large business school with a small school feeling created by caring, professional faculty and staff interacting with students as individuals, in small classes, through proactive student organizations, and in a broad range of other settings, with students' needs constantly of prime consideration;
  - ◆ Provide career opportunities to our students by capitalizing on our extensive alumni network—82 percent of Jones College graduates live and work in Middle Tennessee; and
  - ◆ Cultivate an international perspective among students that enables them to contribute to and succeed in the global marketplace.
  - ◆ Produce graduates from our bachelor, master, doctoral, and executive and continuing education programs who are prepared for challenges and advancements in their chosen careers.
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### Course Information

## ***Description***

Examines the role of government in the allocation and distribution of society's resources. Topics include theories of government sector growth, public and quasi-public goods, externalities and agency theory, transitivity and completeness of voting preferences, income redistribution and economic justice, social insurance, health care programs, tax shifting and incidence analysis, efficiency and equity in taxation, and efficiency and redistributive aspects of deficit financing. Topics may involve case studies such as budget formulation, environmental policies, payroll taxes, and alternative tax structures.

This course is a graduate-level introduction to the foundations and modern applications of public finance. Since public finance necessarily occurs inextricably within a political process and constitutional framework, this course will comprehensively study public finance through the lens of political economy. This course is designed to be an exploratory, discussion-based class, where the professor and the students embark on a joint inquiry. Furthermore, the primary purpose of this class will be to prepare students to make original contributions to the existing public finance literature.

This syllabus can be changed throughout the semester at the discretion of the professor.

## ***Objectives and Outcomes***

By the end of this course, students will be expected to:

- Know and understand the foundational works in public finance from the perspective of political economy
- Be able to apply foundational concepts in public finance and political economy to modern issues in the field
- Contribute to the existing literature with an original research article (Ph.D. students) or public policy paper (M.A. students)

## ***Topics***

The contractual basis of government, externalities, public goods, democracy, public finance and democracy, collective action, rent-seeking, logrolling, taxation, public debt, public pensions, redistribution, constitutions, and federalism.

## ***Professionalism***

The Jones College of Business is a professional school. In the Jones College of Business, students will demonstrate Professionalism, which includes these behaviors:

- A solid work ethic demonstrated by preparation, punctuality, participation, and productivity;
- Respectful and courteous interaction with others;
- Ethical conduct; and
- Professional deportment highlighted by business-appropriate dress, diction, and demeanor.

As a Jones College student, part of your preparation for your future career includes the ability to adapt to the expectations of your supervisors and to manage your own expectations relative to your position within the organization. The faculty in the Jones College expect that you will take this aspect of your preparation seriously.

## Course Materials

### Required Textbooks

Textbooks may be ordered online at [Phillips Bookstore](#).

Tullock, Gordon (2005). *The Economics and Politics of Wealth Redistribution*. Indianapolis, IN: Liberty Fund, Inc.

Available online:

Brennan, Geoffrey and James M. Buchanan (1980[2000]). *The Power to Tax: Analytical Foundations of a Fiscal Constitution*. Indianapolis, IN: Liberty Fund, Inc.

Available online: <http://oll.libertyfund.org/titles/buchanan-the-collected-works-of-james-m-buchanan-vol-9-the-power-to-tax>

Brennan, Geoffrey and James M. Buchanan (2000). *The Reason of Rules: Constitutional Political Economy*. Indianapolis, IN: Liberty Fund, Inc.

Available online: <http://oll.libertyfund.org/titles/brennan-the-collected-works-of-james-m-buchanan-vol-10-the-reason-of-rules>

Buchanan, James M. (1958[1999]). *Public Principles of Public Debt*. Indianapolis, IN: Liberty Fund.

Available online: <http://oll.libertyfund.org/titles/buchanan-the-collected-works-of-james-m-buchanan-vol-2-public-principles-of-public-debt>

Buchanan, James M. (1967[1999]). *Public Finance in Democratic Process: Fiscal Institutions and Individual Choice*. Indianapolis, IN: Liberty Fund Inc.

Available online: <http://oll.libertyfund.org/titles/buchanan-the-collected-works-of-james-m-buchanan-vol-4-public-finance-in-democratic-process>

Buchanan, James M. (1975[2000]). *The Limits of Liberty: Between Anarchy and Leviathan*. Indianapolis, IN: Liberty Fund, Inc.

Available online: <http://oll.libertyfund.org/titles/buchanan-the-collected-works-of-james-m-buchanan-vol-7-the-limits-of-liberty>

Buchanan, James M. and Gordon Tullock (1962[2004]). *Calculus of Consent*. Indianapolis, IN: Liberty Fund, Inc.

Available online: <http://oll.libertyfund.org/titles/buchanan-the-calculus-of-consent-logical-foundations-of-constitutional-democracy>

Buchanan, James M. and Richard E. Wagner (2000). *Democracy in Deficit: The Political Legacy of Lord Keynes*. Indianapolis, IN: Liberty Fund, Inc.

Available online: <http://oll.libertyfund.org/titles/buchanan-democracy-in-deficit-the-political-legacy-of-lord-keynes>

## Assessment and Grading

### Grading Procedure

Points Range	Letter Grade
90-100	A

Points Range	Letter Grade
80-89. $\overline{9}$	B
70-79. $\overline{9}$	C
60-69. $\overline{9}$	D
50-59. $\overline{9}$	F

I do not “bump up” grades at the end of the semester by offering additional extra credit opportunities or additional points, no matter how infinitesimally close a numerical grade is to the next highest letter grade. Any student requesting unearned additional points or extra credit at the end of the semester will automatically be referred to MTSU’s Director of Student Academic Ethics for unethical solicitation.

### ***Statement of Academic Freedom:***

To demonstrate the economic way of thinking and its applications, this course may evaluate economic, social, moral, and political issues that reasonable people disagree on. Students are encouraged to respectfully disagree with the professor and their classmates without it affecting their grade. As the professor, however, I have the responsibility to moderate classroom discussions to ensure that the course comprehensively covers all the required content, as well as to ensure that classroom lectures do not exceed the level of technicality and depth appropriate for the course. On graded activities, students are expected to be able to demonstrate their understanding of the required course material, regardless of whether they agree with it or not.

### ***Grading***

Attendance	10%
Quizzes	20%
Participation	30%
Final Paper	40%

### ***Feedback***

- Assignment feedback and grades will be posted within two weeks after the assignment deadline.
- Final papers must be submitted to the Dropbox and will not be accepted via email.

### ***Academic Integrity/Misconduct***

Please review the [information on Academic Integrity and Misconduct](#). The instructor will be submitting materials to an online service (Turnitin.com) which will review the work for plagiarism. Students should also review the report generated for each assignment and self-check for plagiarism. Information on how to cite work correctly is provided within the course modules, and you may read more about how to avoid plagiarism from the [TN eCampus Virtual Library](#).

Plagiarism, cheating, and other forms of academic dishonesty are prohibited. Such conduct includes, but is not limited to:

- Submitting as one's own work, themes, reports, drawings, laboratory notes, computer programs, or other projects prepared by another person
- Knowingly assisting another student in obtaining or using unauthorized materials
- Submitting assignments previously used in other courses where you received credit for the work
- Improperly crediting or lack of crediting an original author's work

Students guilty of academic misconduct are immediately responsible to the instructor of the class. In addition to other possible disciplinary sanctions (including expulsion from the university), which may be imposed through the regular institutional procedures as a result of academic misconduct, the instructor has the authority to assign an "F" or zero for an activity or to assign an "F" for the course. Students guilty of plagiarism will be immediately reported to the Director of Student Academic Ethics.

### ***Incomplete Grades***

Incomplete grades are given rarely and only in extenuating circumstances. Page 56 of the [MTSU Undergraduate Catalog](#) states: "The grade I indicates that the student has not completed all course requirements because of illness or other uncontrollable circumstances, especially those which occur toward the end of the term. Mere failure to make up work or turn in required work on time does not provide the basis for the grade of "I" unless extenuating circumstances noted above are present for reasons acceptable to the instructor." Please refer to the Undergraduate catalog for the complete Incomplete Grade Policy.

### ***Assignments and Participation***

#### ***Attendance and Punctuality Reporting***

At the beginning of each class period I will roll a six-sided die. I will take attendance anytime the die lands on one.

#### ***Quizzes***

At the beginning of each class period I will roll a six-sided die. I will administer a quiz every time the die lands on six. The quiz will be based off of both the assigned readings for that week and the discussion from the previous lecture. I may also roll the die—even repeatedly—at unannounced times throughout the class period for additional quiz opportunities.

#### ***Class Participation***

Your participation grade will be based on your contribution to discussions in class, your performance as discussion leader (every class will have a student volunteer assigned to leading the discussion on that day's readings), and your performance in offering feedback on your classmates developing research papers.

#### ***Final Paper***

Ph.D. students will be expected to write an original academic paper contributing to the existing public finance literature with a novel theoretical or empirical contribution.

M.A. students will be expected to write a public policy paper applying the public finance literature to a local, state, national, or international policy issue. M.A. students, if they choose to do so, also have the option of writing an original academic paper contributing to the existing public finance literature with a novel theoretical or empirical contribution.

Academic and public policy papers are expected to be a minimum of 15 pages in length and must conform to the paper formatting requirements detailed below. Papers are due December 10<sup>th</sup> at 5:30 PM and should be submitted through D2L into the appropriate Dropbox folder. All papers will be automatically submitted to TurnItIn.

\*Paper Formatting Requirements (No Exceptions)\*

- Formatted in accordance with the formatting requirements for the [Journal of Private Enterprise](#)
- PDF saved as Students Last Name\_Students First Name\_Course Number (i.e. Smith\_Daniel\_ECO 7430)
- Times New Roman font
- 12 pt font
- Double spaced (no additional spaces between paragraphs)
- 1 inch margins
- Separate title page with name, abstract, [JEL codes](#), and keywords
- Separate citation page

## **Communication Guidelines**

### ***Email***

Per the [Family Educational Rights and Privacy Act \(FERPA\)](#), all course communication will be conducted using MTSU email. Faculty will not respond to student emails via a non-institutional assigned email account.

### ***Student Feedback***

Throughout the course students will receive periodic feedback through quizzes and class discussions.

### ***Statement on Guests in the Classroom***

Students may not bring guests or children to the class without prior approval from the faculty/instructor.

### ***Statement on Animals in the Classroom***

Only service animals (dogs and miniature horses) are allowed on campus. Students must register with the Disability and Access Center before a service animal is allowed as an accommodation. Faculty and staff must request service animals as an accommodation through Human Resources. See Policy No. 102.

### ***Statement on Emergencies in the Classroom***

Faculty and students who do not follow University policies and instructions during emergencies and emergency drills are individually liable.

### ***Emergency plans and instructions***

A list of safest places for each building during a tornado can be found at the [MTSU Alert4U homepage](#). University instructions during emergencies are sent via email, phone calls, and text messages.

University websites will also be updated with the latest information. You are encouraged to plan ahead for emergencies.

## **Student Resources**

### [Frequently Used Student Resources](#)

#### ***Technical Support***

Students who experience problems logging into their course, timing out of their course, using the course web site tools or experience other technical problems, should be encouraged to contact the [MTSU Help Desk](#) online (24/7) or at 1-615-898-5345.

#### ***Students with Disabilities***

Middle Tennessee State University is committed to campus access in accordance with Title II of the Americans with Disabilities Act and Section 504 of the Vocational Rehabilitation Act of 1973. Any student interested in reasonable accommodations can consult the [Disability & Access Center \(DAC\)](#) website and/or contact the DAC for assistance at 615-898-2783 or [dacemail@mtsu.edu](mailto:dacemail@mtsu.edu). Also, if you require the use of assistive technology, please make sure to download the documents in order to access the accessibility that I have built into the content for you.

#### ***Tutoring Support***

Free tutoring services may be available through MTSU's [Office of Student Success](#).

## **Hope (Lottery) Scholarship Information**

Do you have a lottery scholarship? To retain the Tennessee Education Lottery Scholarship eligibility, you must earn a cumulative TELS GPA of 2.75 after 24 and 48 attempted hours and a cumulative TELS GPA of 3.0 thereafter. A grade of C, D, F, FA, or I in this class may negatively impact TELS eligibility.

If you drop this class, withdraw, or if you stop attending this class you may lose eligibility for your lottery scholarship, and you may not be able to regain eligibility at a later time.

For additional Lottery rules, please refer to your [Lottery Statement of Understanding form](#) or contact your [MT One Stop Enrollment Counselor](#).

## **Grade Appeals**

[University Policy 313, Student Grade Appeals](#), provides an avenue for MTSU students to appeal a final course grade in cases in which the student alleges that unethical or unprofessional actions by the instructor and/or grading inequities improperly impacted the final grade.

## **The True Blue Pledge**

### [I am True Blue](#)

As a member of this diverse community, I am a valuable contributor to its progress and success.

I am engaged in the life of this community. I am a recipient and a giver. I am a listener and a speaker. I am honest in word and deed. I am committed to reason, not violence. I am a learner now and forever. I am a BLUE RAIDER. True Blue!

Revised April 5, 2018 – FITC

## Lecture Schedule and Assigned Readings

Required readings are indicated by an “\*”.

Links to course readings will be available through the James E. Walker Library’s Library Guide:  
<https://library.mtsu.edu/c.php?g=844288&p=6034475>

### ***Public Finance: A Foundation and Introduction***

#### *Class 1:*

- \*Buchanan, James M. (1964). “What Should Economists Do?” *Southern Economic Journal* 30(3): 213-222.
- \*Hayek, F. A. (1945). “The Use of Knowledge in Society,” *The American Economic Review* 35(4): 519-530.

#### *Class 2:*

- \*Buchanan, James M. (1949). “The Pure Theory of Government Finance: A Suggested Approach,” *Journal of Political Economy* 57(6): 496-505.
- \*Wagner, Richard (1997). “Choice, Exchange, and Public Finance,” *The American Economic Review*, Papers and Proceedings of the Hundred and Fourth Annual Meetings of the American Economic Association 87(2): 160-163.
- \*Wagner, Richard W. (2006). “States and the Crafting of Souls: Mind, Society, and Fiscal Sociology,” *Journal of Economic Behavior & Organization* 59(4): 516-524.

#### *Supplemental Readings:*

- Boettke, Peter J., Christopher J. Coyne, and Peter T. Leeson (2006). “High Priests and Lowly Philosophers: The Battle for the Soul of Economics,” *Case Western Reserve Law Review* 56(3): 551-568.
- Buchanan, James M. and Richard Abel Musgrave (1999). *Public Finance and Public Choice: Two Contrasting Visions of the State*. Cambridge, MA and London, England: The MIT Press.
- Ioannidis, John P., T. D. Stanley, Hristos Doucouliagos (2017). “The Power of Bias in Economics Research,” *The Economic Journal* 127(F236-F265).
- Kirman, Alan P. (1992). “Whom or What Does the Representative Individual Represent?” *The Journal of Economic Perspectives* 6(2): 117-136.
- McCaffery, Edward J. and Joel Slemrod (2006). *Behavioral Public Finance*. New York, NY: Russell Sage Foundation.
- McCloskey, Deirdre N. and Stephen T. Ziliak (1996). “The Standard Error of Regressions,” *Journal of Economic Literature* XXXIV: 97-114.
- McShane, Blakeley B., David Gal, Andrew Gelman, Christian Robert, and Jennifer L. Tackett (2017). “Abandon Statistical Significance.” Working Paper.
- Musgrave, Richard A. and Peggy B. Musgrave (1989). *Public Finance in Theory and Practice*. McGraw Hill.
- Romer, Paul (2016). “The Trouble with Macroeconomics.”
- Smith, Adam (1776). *An Inquiry into the Nature and Causes of the Wealth of Nations*. Book V.
- Wagner, Richard W. (2012). “A Macro Economy as an Ecology of Plans,” *Journal of Economic*

*Behavior & Organization* 82: 433-44.

### ***The Contractual Basis of Government***

#### *Class 1:*

\*Buchanan, James M. (1975[2000]). *The Limits of Liberty: Between Anarchy and Leviathan*. Indianapolis, IN: Liberty Fund, Inc. Ch. 1-5.

#### *Class 2:*

\*Buchanan, James M. (1975[2000]). *The Limits of Liberty: Between Anarchy and Leviathan*. Indianapolis, IN: Liberty Fund, Inc. Ch. 6-10.

#### *Supplemental Readings:*

Axelrod, Robert (2006). *The Evolution of Cooperation*. New York, NY: Basic Books.

Bell, Tom (2011). "Graduate Consent in Contract and Tort Law: Toward a Theory of Justification," *Case Western Reserve Law Review* 61(1): 1-68.

Friedman, David (1973). *Machinery of Freedom*. Open Court Publishing Company.

Hasnas, John (1995). "The Myth of the Rule of Law," *Wisconsin Law Review* 199.

Hayek, F. A. (1973). *Law, Legislation, and Liberty*. Chicago, IL: University of Chicago Press.

Hobbes, Thomas (1651). *Leviathan*.

Huemer, Michael (2013). *The Problem of Political Authority*. New York, NY: Palgrave Macmillan.

Nozick, Robert (1974). *Anarchy, State, and Utopia*. New York, NY: Basic Books.

Powell, Benjamin and Bart J. Wilson (2008). "An Experimental Investigation of Hobbesian Jungles," *Journal of Economic Behavior & Organization* 66(3-4): 669-686.

Rawls, John (1971). *A Theory of Justice*. Cambridge, MA: Harvard University Press.

Stringham, Edward (2007). *Anarchy and the Law*. Oakland, CA: The Independent Institute.

### ***Externalities and Public Goods***

#### *Class 1:*

\*Coase, Ronald ((1960). "The Problem of Social Cost," *The Journal of Law & Economics* 3: 1-44.

\*Coase, Ronald (1974). "The Lighthouse in Economics," *The Journal of Law & Economics* 17(2): 357-376.

#### *Class 2:*

\*Candela, Rosolino A. and Vincent J. Geloso (2018). "The Lighthouse Debate and the Dynamics of Interventionism," *The Review of Austrian Economics*, forthcoming.

\*Cowen, Tyler (2006). "Public Goods Definitions and their Institutional Context: A Critique of Public Goods Theory," *Review of Social Economy* 43(1): 53-63.

\*Nye, John V. (2008). "The Pigou Problem," *Regulation* 3(2): 32-37.

#### *Supplemental Readings:*

Buchanan, James M. (2000). *Externalities and Public Expenditure Theory*. Indianapolis, IN: Liberty Fund, Inc.

Browning, Edgar K. (1999). "The Myth of Fiscal Externalities," *Public Finance Review* 27(1): 3-18.

Cowen, Tyler (1992). *Public Goods & Market Failures: A Critical Examination*. New Brunswick, NJ: Transaction Publishers.

Cowen, Tyler and Eric Crampton (2002). *Market Failure or Success: The New Debate*. Oakland, CA: The Independent Institute.

Caplan, Bryan (2008). "Externalities," *The Concise Encyclopedia of Economics*. Library of Economics and Liberty.

Mishan, E. J. (1971). "The Postwar Literature on Externalities: An Interpretive Essay," *Journal of Economic Literature* 9(1): 1-28.

### ***Democracy and Voting***

#### *Class 1:*

- \*Black, Duncan (1948). "On the Rationale of Group-Decision-Making," *Journal of Political Economy* 56(1): 23-34.
- \*Buchanan, James M. (1954). "Social Choice, Democracy, and Free Markets," *Journal of Political Economy* 62(2): 114-123.
- \*Buchanan, James M. (1954). "Individual Choice in Voting and the Market," *Journal of Political Economy* 62(4): 334-343.
- \*Tullock, Gordon (1959). "Problems of Majority Voting," *Journal of Political Economy* 67(6): 571-579.

#### *Class 2:*

- \*Brennan, Jason (2016). "The Ethics and Rationality of Voting," *Stanford Encyclopedia of Philosophy*.
- \*Caplan, Bryan (2007). "The Myth of the Rational Voter," Policy Analysis no. 594. Cato Institute.
- \*Wittman, Donald (1989). "Why Democracies Produce Efficient Results," *Journal of Political Economy* 97(6): 1395-1424.

#### *Supplemental Readings:*

- Arrow, Kenneth J. (1963). *Social Choice and Individual Values*. New York: John Wiley.
- Boettke, Peter J. and Peter T. Leeson (2002). "Hayek, Arrow, and the Problems of Democratic Decision-Making," *Journal of Public Finance and Public Choice* 20: 10-20.
- Brennan, Geoffrey and Loren Lomasky (1997). *Democracy and Decision: The Pure Theory of Electoral Preference*. Cambridge University Press.
- Brennan, Jason (2016). *Against Democracy*. Princeton, NJ: Princeton University Press.
- Caplan, Bryan (2002). "Sociotropes, Systematic Bias, and Political Failure: Reflections on the Survey of Americans and Economists on the Economy," *Social Science Quarterly* 83(2): 416-435.
- Caplan, Bryan (2007). *The Myth of the Rational Voter*. Princeton, NJ: Princeton University Press.
- Downs, Anthony (1957). *An Economic Theory of Democracy*. New York: Harper.
- Knight, Jack and James Johnson (2011). *The Priority of Democracy: Political Consequences of Pragmatism*. Princeton, NJ: Princeton University Press.
- Ostrom, Vincent (1997). *The Meaning of Democracy and the Vulnerability of Democracies*. Ann Arbor, MI: University of Michigan Press.
- Sen, Amartya (1970). *Collective Choice and Social Welfare*. San-Francisco, CA" Holden-Day.
- Tullock, Gordon (1992). "Is There a Paradox of Voting?" *Journal of Theoretical Politics*.
- Wittman, Donald (1995). *The Myth of Democratic Failure: Why Political Institutions are Efficient*. Chicago, IL: University of Chicago Press.

### ***Public Finance and Democracy***

#### *Class 1:*

- \*Buchanan, James M. (1967[1999]). *Public Finance in Democratic Process: Fiscal Institutions and Individual Choice*. Indianapolis, IN: Liberty Fund Inc. Ch. 1-10.

#### *Class 2:*

- \*Buchanan, James M. (1967[1999]). *Public Finance in Democratic Process: Fiscal Institutions and Individual Choice*. Indianapolis, IN: Liberty Fund Inc. Ch. 11-19.

*Supplemental Readings:*

Hinich, Melvin J. and Michael C. Munger (1996). *Ideology and the Theory of Political Choice*. Ann Arbor, MI: University of Michigan Press.

***Voting Rules***

*Class 1:*

\*Buchanan, James M. and Gordon Tullock (1999). *Calculus of Consent*. Indianapolis, IN: Liberty Fund, Inc. Ch. 1-10.

*Class 2:*

\*Buchanan, James M. and Gordon Tullock (1999). *Calculus of Consent*. Indianapolis, IN: Liberty Fund, Inc. Ch. 11-20.

*Supplemental Readings:*

Kuran, Timur (1997). *Private Truths, Public Lies: The Social Consequence of Preference Falsification*. Cambridge, MA: Harvard University.

Lopez, Edward J. (2003). "Term Limits: Causes and Consequences," *Public Choice* 114(1): 1-56.

Munger, Michael C. and Kevin M. Munger (2015). *Choosing in Groups: Analytical Politics Revisited*. New York, NY: Cambridge University Press.

Smith, Daniel, George R. Crowley, and Sebastian J. Leguizamon (2018). "Long Live the King? Death as a Term Limit on Executives."

Tabarrok, Alexander (1994). "A Survey, Critique, and New Defense of Term Limits," *CATO Journal* 14(2): 333-350.

***Rent-Seeking***

*Class 1:*

\*Krueger, Anne O. (1974). "The Political Economy of the Rent-Seeking Society," *The American Economic Review* 64(3): 291-303.

\*Tollison, Robert D. (1982). "Rent Seeking: A Survey," *Kyklos* 35(4): 575-602.

\*Tullock, Gordon (1967). "The Welfare Costs of Tariffs, Monopolies and Theft." *Western Economic Journal* 5 (1967): 224-232.

*Class 2:*

\*Baumol, William J. (1990). "Entrepreneurship: Productive, Unproductive, and Destructive" *Journal of Political Economy* 98(5): 893-921.

\*Mitchell, Matthew (2014). *The Pathology of Privilege: The Economic Consequences of Government Favoritism*. Mercatus Center at George Mason University.

*Supplemental Readings:*

Brown, Jeffrey R. and Jiekun Huang (2017). "All the President's Friends: Political Access and Firm Value," NBER Working Paper No. 23356.

Olson, Mancur (1965). *The Logic of Collective Action*. Cambridge, MA and London, England: Harvard University Press.

Olson, Mancur (1982). *The Rise and Decline of Nations*. New Haven, CT: Yale University Press.

Tullock, Gordon (2005). *The Rent-Seeking Society*. Indianapolis, IN: Liberty Fund, Inc.

Ziobrowski, Alan J., James W. Boyd, Ping Cheng, and Brigitte J. Zibrowski (2011). "Abnormal Returns from the Common Stock Investments of Members of the U.S. House of Representatives," *Business and Politics* 13(1): 1-22.

## ***Logrolling and the Organization of Government***

### *Class 1:*

- \*Koford, Kenneth J. (1982). "Centralized Vote Trading," *Public Choice* 39(2): 245-268.
- \*Shepsle, Kenneth A. and Barry R. Weingast (1981). "Structure-Induced Equilibrium and Legislative Choice," *Public Choice* 37(3): 503-19.
- \*Weingast, Barry R. and William J. Marshall (1988). "The Industrial Organization of Congress; or, Why Legislatures, Like Firms, Are Not Organized as Markets," *Journal of Political Economy* 96(1): 132-163.

### *Class 2:*

- \*Groseclose, Tim and James M. Synder, JR. (1996). "Buying Supermajorities," *American Political Science Review* 90(2): 303-315.
- \*Stratman, Thomas (1995). "Logrolling in the U.S. Congress," *Economic Inquiry* 33(3): 441-456.

### *Supplemental Readings:*

- Black, Duncan (1958). *The Theory of Committees and Elections*. Boston: Kulwer.
- Downs, Anthony (1957). *An Economic Theory of Democracy*. New York, NY: Harper & Brothers Publishers.
- Niskanen, William A. (1971). *Bureaucracy and Representative Government*. Chicago: Aldine, Atherton.
- Riker, William H. (1962). *The Theory of Political Coalitions*. New Haven: Yale University Press.
- Tullock, Gordon (2005). *Bureaucracy*. Indianapolis, IN: Liberty Fund, Inc.

## ***Taxation***

### *Class 1:*

- \*Brennan, Geoffrey and James M. Buchanan (1980[2000]). *The Power to Tax: Analytical Foundations of a Fiscal Constitution*. Indianapolis, IN: Liberty Fund, Inc. Ch. 1-5.

### *Class 2:*

- \*Brennan, Geoffrey and James M. Buchanan (1980[2000]). *The Power to Tax: Analytical Foundations of a Fiscal Constitution*. Indianapolis, IN: Liberty Fund, Inc. Ch. 6-10.

### *Supplemental Readings:*

- Buchanan, James M. (2000). *Debt and Taxes*. Indianapolis, IN: Liberty Fund, Inc, pp. 36-321.
- Hall, Robert and Alvin Rabushka (2007). *The Flat Tax*. 2<sup>nd</sup> Edition. Palo Alto, CA: Stanford University's Hoover Institute.
- Holcombe, Randall G. (1998). "Tax Policy from a Public Choice Perspective," *National Tax Journal* 51(2): 359-371.
- Slemrod, Joel (2002). *Does Atlas Shrug? The Economic Consequences of Taxing the Rich*. Cambridge, MA: Harvard University Press.
- Poterba, James M. (1998). "Public Finance and Public Choice," *National Tax Journal* 51(2): 391-96.
- Wagner, Richard E. (2012). "The Institutional Framework for Shared Consumption: Deemphasizing Taxation in the Theory of Public Finance," *Public Finance and Management* 12(1): 5-20.
- Winer, Stanley L. and Walter Hettich (1998). "What is Missed If We Leave Out Collective Choice in the Analysis of Taxation," *National Tax Journal* 51(2): 373-389.

## ***Public Debt***

*Class 1:*

\*Buchanan, James M. (1958[1999]). *Public Principles of Public Debt*. Indianapolis, IN: Liberty Fund. Ch. 1-7.

*Class 2:*

\*Buchanan, James M. (1958[1999]). *Public Principles of Public Debt*. Indianapolis, IN: Liberty Fund. Ch. 8-14.

*Supplemental Readings:*

Brennan, Geoffrey (2012). "The Political Economy of Public Debt," *Constitutional Political Economy* 23(3): 182-198.

Bohn, Henning and Robert P. Inman (1996). "Balanced-Budget Rules and Public Deficits: Evidence from the U.S. States," *Carnegie-Rochester Conference on Public Policy* 45(1): 13-76.

Ciomas, Cristina, Viorela-Ligia Vaidean, Zoltan-Krisztian Karsai (2012). "Implications of Private Sector Behavior on Public Finance Sector," *Procedia Economics and Finance* 3: 152-157.

Eusepi, Guisepppe and Richard E. Wagner (2017). *Public Debt*. Cheltenham, UK and Northampton, MA: Edward Elgar.

Eusepi, Guisepppe and Richard E. Wagner (2018). *Debt, Default, and Democracy*. Cheltenham, UK and Northampton, MA: Edward Elgar.

Ferguson, James M. (1964). *Public Debt and Future Generations*. Chapel Hill, NC: University of North Carolina Press.

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