



Office Hours:

Mondays: 2-3
Wednesdays 2-4
Thursdays 8:30-10 and 1-2:30
Fridays 2-3

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Course Description:

This course is about government as a redistributive institution in the economy. Government uses its powers of taxation as both a means of garnering revenue and as a means of deterring undesirable behavior. Similarly, government uses these tax receipts, as well as funds loaned it by bondholders, to support projects and people which it judges to be either in need of or deserving special subsidies.

Throughout the course of the semester, we examine the role of government as both a tax collector and a revenue distributor. We begin by considering alternative normative views on the role of government in the distribution – or redistribution – of economic resources within a society. We then use economic analysis to understand more critically some of the major government taxation and redistribution systems in place here in the United States, namely welfare, Social Security and Medicare, and taxes on personal income and property. We also will be attempting to place both the objectives and the actions of the U.S. government within an ethical perspective. This means that we will be concerned with not only economic issues, but with moral and theological issues as we focus on both the intended and unintended consequences of government redistributive policies.

Course Content:

In addition to lectures, reading and class discussion, the semester will include the following items:

The State and Well-Being: An Inquiry Into How Public Policy Affects Social Welfare

Students will write a research paper exploring in depth how public allocative policy affects the overall health of society. The focus can be on any of three areas: Income distribution and welfare; taxation and welfare; and income re-distribution and welfare. The research paper needs to have four sections, including a literature review which includes a consideration of the ethical

challenges and ramifications of the policy; a theoretical section, which presents the theoretical model applied to test and illuminate the research question; an empirical analysis section which describes the data used, the empirical model employed, and the results obtained; and a conclusion and policy implication section that applies your analysis to make policy recommendations.

To make sure that all goes well here, I have divided the assignment into sections that will be submitted as first drafts over the course of the semester. On those dates when a section is due, class time will be devoted to brief, formal, PowerPoint presentations of your work. All submissions are to be delivered to me via e-mail. The due dates appear in the course schedule below. Assignments are due at the beginning of class. Should you be unable to present, your grade for the class PPT presentation will be a zero, but you must turn in your ppt and drafts regardless. Late work will be penalized one letter grade per day. **I will not accept late submissions of the final version of your paper without a note from the Dean of Students.**

Poster Session: Research results need to be summarized on to a poster format, using the College's large-format printer. You will present your poster to interested members of the St. Olaf community during our regularly scheduled final exam time. You will need to pay for these posters, which cost \$30.00 (please see <http://wp.stolaf.edu/it/pricing-guide/>) prior to printing. Students must pay for their posters with their St. Olaf "One" cards. Please see the Economics Department academic administrative assistant, Ms. Sherry Freking, to arrange payment.

Other Course Work:

A. Proposal and Summary Statistics: To make sure you get off to a good start on your research, you will be called upon to write and present a research proposal that includes a statistical summary of the data that you will be using in your research.

B. Examinations: There will be three exams over the course of the semester covering material introduced in lecture, texts and readings.

Grading and Evaluation:

Examinations 3 @ 10 points	30 %
Class PPT Presentations between 2 and 4 @ 5-10 points	20 %
Research Proposal and Summary Stats	10 %
Research Paper	40%

Drafts (see schedule for due dates)

Literature review 5%

Theoretical Model 5%

Empirical Analysis 5%

And Summary Stats

Final Paper 15%

Poster 10%

Class Participation: I expect you to come to class prepared to engage in discussions based on the questions at the back of each chapter from the assigned readings, and to have completed all material and work that may have been assigned in response to class interest and current events. Students who fail to come to class, or who come to class ill-prepared to engage in the assigned material will have their course grade reduced by one-third of a step (an A- to a B+, or a B to a B-, etc) for every three classes missed or poorly prepared for over the semester.

STUDENTS WITH DISABILITIES: If you have a documented disability that will impact your work in this class, please contact me to discuss your needs. Additionally, you will need to register with Student Accessibility Services located in the Academic Support Center in Buntrock Commons, Room 108. All such discussions will be confidential.

Texts: Harvey Rosen and Ted Gayer, Public Finance, 10th edition, McGraw Hill, 2010

Other reading as indicated on the syllabus.

Plagiarism Policy:

The St. Olaf Faculty Handbook offers the following information about plagiarism:

Penalties for Plagiarism

The problem of plagiarism is considered under two separate categories:

1. Plagiarism that involves the presentation of a paper or report as one's own when in fact the major portion is the work of others; and
2. Plagiarism that involves inadequate crediting of various sources.

The teacher involved shall judge under which category the offense is to be considered. The teacher shall also be the judge of guilt in both categories.

1. Plagiarism involving the presentation of a paper or report as one's own when in fact the major portion is the work of others.

This offense is considered to be more serious than that defined under (2), as it appears to indicate a clearer intent to deceive. The normal and usual punishment for this type of offense: the offender shall receive a failing grade in the course for which the paper or report was presented. This is understood to be a punitive grade and shall be reported by the teacher to the Dean of the College. A student who is assessed a penalty of failure in the course is not permitted to drop the course in question.

2. Plagiarism that involves inadequate crediting of sources.

Part of the problem in these cases lies in the unfamiliarity of many students of what is expected of them in writing papers and reports. At the time when such work is assigned, the teacher shall make clear to the students that all borrowing from other sources (from printed materials, typescripts, manuscripts, lectures, etc.) must be acknowledged in footnotes. This is to be done not only in the case of direct quotations, but also in the case of paraphrased reporting of material from such sources. Thinly disguised borrowings of this type, when not credited, shall be considered an offense. If such uncredited borrowings are judged by the teacher to be extensive enough, the teacher shall impose a penalty no more severe than giving a failing grade for that paper or report (with no opportunity to make up the assignment).

Class Schedule Econ 371

Date	Assigned Reading
Feb 10	Rosen, Ch. 1
Feb 12	Rosen, Ch. 2; Greenlaw, Chs. 1,2,3,8
Feb 14	Class cancelled. Make-up session possible if needed.
Feb 17	Class cancelled. Make-up session possible if needed.
Feb 19	Rosen, Ch. 3; Greenlaw, Chs. 4,5,7
Feb 21	<p>Historical Antecedents: Redistribution as Charity Aristotle, <i>The Nicomachean Ethics</i>, Book V.2-4 http://classics.mit.edu/Aristotle/nicomachaen.5.v.html Cicero, <i>De Officiis</i>, 1.20-24, 42-45 http://www.constitution.org/rom/de_officiis.htm#book1 Aquinas, <i>Summa Theologiae</i>, II-II Q61 http://www.ccel.org/a/aquinas/summa/SS/SS061.html#SSQ61OUTP1</p>
Feb 24	<p>Historical Antecedents: Redistribution as Charity Hugo Grotius, <i>The Law of War and Peace, Book I, Chapter 1, Section VIII: Of expletive and attributive Justice</i>. (pages 142-147 in http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=1425&chapter=138593&layout=html&Itemid=27 Locke, <i>First Treatise on Government</i>, Chapter 4.42 http://oll.libertyfund.org/Texts/Locke0154/TwoTreatises/0057_Bk.html#hd_lf057.head.009 Smith, <i>Lectures on Jurisprudence</i>, Vol 1, para 9, pp. (“A man is injured in his reputation...”) http://oll.libertyfund.org/readinglists/print/9-liberty_and_responsibility_in_adam_smith</p>
Feb 26	<p>Historical Antecedents: Redistribution as Right Rousseau, <i>A Discourse on Political Economy</i>, from “Let our country then show itself” to “...fathers of the country of which they will have been so long the children.” http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=638&chapter=71091&layout=html&Itemid=27 Thomas Paine, <i>Rights of Man</i>, from “It is easily seen...” to “...every market town in England” (2754 words) http://ebooks.adelaide.edu.au/p/paine/thomas/p147r/chapter8.html Gracchus Babeuf, <i>The Doctrine of Babeuf</i>, http://www.marxists.org/history/france/revolution/conspiracy-equals/1797/placard.htm</p>

Feb 28	<p>Historical Antecedents: Redistribution as Wrong Malthus, <i>An Essay on the Principle of Population</i>, Book III, Chapters 5 and 6. http://www.econlib.org/LIBRARY/Malthus/malPlong16.html#Bk.III,Ch.V http://www.econlib.org/LIBRARY/Malthus/malPlong17.html</p> <p>Herbert Spencer, <i>Social Statics</i>, Chapter XXV: Poor Laws. http://oll.libertyfund.org/Texts/LFBooks/Spencer0236/SocialStatics/0331Bk.html#LF-BK0331pt03ch08</p> <p>Bastiat, <i>Selected Essays on Political Economy</i>, Ch. 3. http://www.econlib.org/library/Bastiat/basEss.html</p>
March 3	<p>Historical Antecedents: Redistribution as Instrumental Bentham, <i>Anarchical Fallacies</i>, http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=1921&chapter=114226&layout=html&Itemid=27 (Hint: Hide TOC, or scroll down page to find the material)</p> <p>Mill, <i>Utilitarianism</i>, Chapter 2 http://utilitarianism.com/mill1.htm</p>
March 5-7	<p>McCloskey, <u>Economical Writing</u> Greenlaw Chs. 8, 9, 10 Research proposal and Summary Statistics Proposal, statistics, and powerpoint due before class on March 3</p>
March 10	<p>Examination I</p>
March 12	<p>Rosen Ch. 4 Market Failure: Public Goods</p>
March 14	<p>Rosen Ch. 5 Market Failure: Externalities</p>
March 17	<p>Rosen Ch. 8 Solving the Externalities Problem: Coase, the Coasians, and their Detractors Demsetz, 1967. "Toward a Theory of Property Rights." <i>American Economic Review</i> 57: 347-59. Available on JSTOR</p> <p>Walter Block, "Ethics, Efficiency, Coasian Property Rights, and Psychic Income: A Reply to Demsetz" http://www.mises.org/journals/rae/pdf/rae8_2_4.pdf</p>
March 19	<p>Solving the Externalities Problem: Government Redistribution and Benefit-Cost Analysis Fred Ackerman, Priceless Benefits, Costly Mistakes: What's Wrong With Cost-Benefit Analysis? <i>Post-Autistic Economics Review</i>, Issue 25 (March 21, 2005) http://www.paecon.net/PAEReview/ecologicaeconomics/Ackerman25.ht</p>

	<p>m Steven Kelman, “Cost-Benefit Analysis: An Ethical Critique, from <i>AEI Journal on Government and Society Regulation</i> (January/February 1981) PP. 33—40; replies printed in the <i>AEJ Journal</i>, March/April 1981 issue. http://classes.seattleu.edu/economics/econ468/green/Articles/Cost-benefit.pdf</p>
March 21	<p>U. S. Catholic Bishops, 1986. Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy.. http://www.osjspm.org/economic_justice_for_all.aspx Introduction: Paras 4-22; Chapter 1: Paras 68-95 Rawls, <i>Justice as Fairness: Political not Metaphysical</i>, <i>Philosophy and Public Affairs</i>, Vol. 14, No. 3 (Summer 1985), pp.223-251. http://philosophyfaculty.ucsd.edu/faculty/rarneson/Philosophy%20167/Rawlsjusticeasfairness.pdf</p>
March 31	<p>Greenlaw, Ch. 3 and Ch.12, pgs 213-239 Literature Review due. In-class presentations. Review and powerpoint due before class, March 31)</p>
April 2	<p>Rosen Ch. 7 Education</p>
April 4	<p>Rosen Ch.9 Health Care</p>
April 7	<p>Rosen Ch. 10 Gov’t Health Care Daniel S. Goldberg, “Universal Health Care, American Pragmatism, and the Ethics of Health Policy: Questioning Political Efficacy.” http://www.piercelaw.edu/assets/pdf/pierce-law-review-vol07-no2-goldberg.pdf</p>
April 9	<p>Greenlaw, Ch. 7 and Ch. 12, pgs. 239-241 Theoretical Model section due. In-class presentation of results. Review and powerpoint due before class, April 9</p>
April 11	<p>Theoretical Model section due. In-class presentation of results. Review and powerpoint due before class, April 9</p>
April 14	<p>Rosen Ch. 11 Social Security Dennis McKerlie, “Justice between the Young and the Old,” <i>Philosophy and Public Affairs</i>, Vol. 30, No. 2 (Spring 2001), pp. 152-177. Available on JSTOR.</p>
April 16	<p>Rosen Chs. 12 and 13 Income Redistribution: Concepts and Programs</p>
April 21	<p>Examination 2</p>
April 23	<p>Rosen Ch. 14 Taxation</p>
April 25	<p>Rosen Chs. 14 and 15</p>

	Taxation
April 28	Rosen Ch. 15 Taxation
April 30	Grreenlaw Chs. 10, 11, and 12 <u>Empirical Results</u> section due. In-class presentation of results. Review and powerpoint due before class)
May 2	<u>Empirical Results</u> section due. In-class presentation of results. .
May 5	<u>Empirical Results</u> section due. In-class presentation of results
May 7	Rosen Ch. 16
May 9	Rosen Ch. 17
May 12	Rosen Ch. 18 Final Paper Due at the beginning of class
May 14	Examination 3
May 17	Poster Session, Buntrock Atrium 2-4