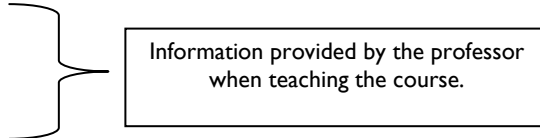


**INTERAMERICAN UNIVERSITY OF DE PUERTO RICO
METROPOLITAN CAMPUS
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES**

Course Title	:	Public Finance and Fiscal Policy
Code and Number	:	BADM 6150
Credits	:	3
Academic Term	:	
Professor	:	
Office Hours	:	
Office Telephone	:	
Email Address	:	

II. DESCRIPTION

Use of public finance to analyze the decision making process in the public sector. Analysis of the economic effects of government activity; tax expenses and income. Discussion of current fiscal policy problems.

III. OBJECTIVES

It is expected that upon completing the course, the student will be able to:

1. Analysis of the relationship between economic activity and government in a capitalist economy.
2. Evaluation of economic rationality that provides supports to fiscal policy and economic intervention of the state.
3. Utilize economic concepts to analyze and evaluate formulation and implementation of expenditure and income programs.
4. Analyze economic principles associated to various types of taxes and their reforms.
5. Discuss the principles of fiscal federalism and intergovernmental relationships.

IV. CONTENT

- A. Economic activity, markets, division of labor, and capital
 - 1. Direct and indirect exchange.
 - a. specialization
 - b. markets
 - 2. Social order and economic calculation
 - a. functions and economic types
 - b. individual income distribution
 - 3. Division of labor and capital.
 - a. Capital structure.
 - b. Productivity and economic growth.
- B. Economy and Government in a Market Economy.
 - 1. Intervention of government in the economy.
 - a. Economic theories of Government.
 - b. Maximum and Minimum Prices and other interventions.
 - c. Fiscal Policy.
- C. Economic justification of state intervention:
 - 1. Market failures, externalities and public goods.
 - 2. Economic and social regulations.
 - 3. Promotion of industrial development.
- D. Collective Decisions, bureaucracy and government growth.
 - 1. Rules of collective decisions: Unanimity, simple majority and types to individual voter preferences..
 - 2. Economic Theory of Bureaucracy: Niskanen's Model.
 - 3. Economic Theory of Government Growth: Buchanan- Tullock's Model.
- E. Equity, Income Transfers and Social Security Programs.
 - 1. Economic theories of equity and income distribution.
 - 2. Transfers or poverty assistance programs: in-kind and cash programs.
 - 3. Social security programs: Social Security, Unemployment, and Health.
- F. Tax incidence, efficiency and optimality.
 - 1. Tax Accounting and Economic Incidence.
 - 2. Tax burden and demand curves.

- 3. Tax optimality: Ramsey rule.
- G. Government income systems and their economic effects.
 - 1. Individual Tax.
 - 2. Corporate Tax.
 - 3. Consumption or “Sales Tax”.
 - 4. Financing public Debt.
- H. Fiscal Federalism and intergovernmental relationships.
 - 1. Tiebout’s Model.
 - 2. Optimal Fiscal Federalism.
 - 3. Property Taxes and intergovernmental transfers.

V. ACTIVITIES

- 1. Lectures
- 2. Discussion and debates
- 3. Written Reports.

VI. EVALUATION

	Grade Points	Relative weight of Final Grade
Test 1	100	25
Test 2	100	35
Final Test	100	40
Total	300	100

VII. SPECIAL NOTES

- 1) Supporting Services or Special Needs
Students requiring additional services or special assistance must request these at the beginning of the course or as soon as they learn that they need them, through the appropriate register in the Oficina del Consejero Profesional, Mr. José Rodríguez, located at the Programa de Orientación Universitaria.

- 2) Honesty, Fraud, and Plagiarism (General Student Regulation, Chapter V)
The lack of honesty, fraud, plagiarism and any other inadequate behavior in relation to academic work constitute major infractions sanctioned by General Student Regulations. Major infractions, according to General Regulation Students, may result in suspension from the University for a definite period of time greater than one year or the permanent expulsion from the University, among others sanctions.
- 3) Use of Electronic Devices
Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.

VIII. TEACHING RESOURCES

Textbook

Rosen, Harvey S. & Gayer, Ted (2008), Public Finance. 8th. Edition. McGraw- Hill Irwin

Supplemental Readings

Callahan, Gene (2004) Economics for Real People. Mises Institute. Retrieved at <http://www.mises.org/books/econforrealpeople.pdf>

Roberts, R. (2005) “The Reality of Markets” Library of Economics and Liberty. Retrieved at www.econlib.org/library/Columns/y2005/Robertsmarkets.html

Roberts, R. (2005) “A Marvel of Cooperation: How order Emerges without a Conscious Planner”. Library of Economics and Liberty. Retrieved at www.econlib.org/library/Columns/y2005/Robertsmarvel.html

Rosen, Harvey S. (2005), Public Finance. 7th Edition. McGraw-Hill Irwin

Weil, David N. (2006) “Fiscal Policy”. Library of Economics and Liberty. Retrieved at www.econlib.org/library/Enc/FiscalPolicy.html

Audiovisual and Electronic Resources (title or name and URL address should be included)

On-line library services of the Interamerican University of Puerto Rico retrieved at www.cai.inter.edu

Webpage of the economics research group in the University of Malaga, Spain, retrieved at www.eumed.net

Webpage of the Mises Institute, University of Alabama, Auburn, retrieved at www.mises.org

IX. BIBLIOGRAPHY

Boldrin, Michelle & Levine, David K. (2008) Against Intellectual Monopoly. Cambridge University Press.

Gutiérrez Perez, Silvio David (2006) La formación y el control de precios en Cuba. Retrieved at www.eumed.net/libros/2006c/195/index.htm

Mises, L. (2002) Economic Policy. Mises Institute. Retrieved at <http://www.mises.org/etexts/ecopol.pdf>

Ruíz, Angel L. (1982) “Desarrollo económico de Puerto Rico: Evaluación de una estrategia de desarrollo basado en importación de capital y tecnología”. Ensayos y Monografías #25, Unidad de Investigaciones Económicas, Departamento de Economía, Universidad de Puerto Rico, Rio Piedras.

Sennholz (1987) Debt and Deficits. Libertarian Press, Spring Mills, PA.

Sennholz, H. F. (2003) The Underground Economy. Mises Institute. Retrieved at <http://www.mises.org/etexts/underground.pdf>

Stringham, Edward (2006) Anarchy, State and Public Choice. Edward Elgar Publishing.

Stiglitz, Joseph E.(1988) Public Sector Economics. 2nd. Edition. W. W. Norton & Co.

Tullock, Gordon (2005) Public Goods, Redistribution and Rent Seeking. Edward Elgar Publishing.

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