

**RECEIVED**

OCT 14 2014

OFFICE OF THE  
SENATE COUNCIL**1. General Information**

1a. Submitted by the College of: BUSINESS AND ECONOMICS

Date Submitted: 9/28/2014

1b. Department/Division: Economics - RCTF

1c. Contact Person

Name: John Garen

Email: jgaren@uky.edu

Phone: 257-3581

Responsible Faculty ID (if different from Contact)

Name:

Email:

Phone:

1d. Requested Effective Date: Semester following approval

1e. Should this course be a UK Core Course? No

**2. Designation and Description of Proposed Course**

2a. Will this course also be offered through Distance Learning?: No

2b. Prefix and Number: ECO 379

2c. Full Title: The Economics of Public Policy, Law, and Government

2d. Transcript Title:

2e. Cross-listing:

2f. Meeting Patterns

LECTURE: 3

2g. Grading System: Letter (A, B, C, etc.)

2h. Number of credit hours: 3

2i. Is this course repeatable for additional credit? No

If Yes: Maximum number of credit hours:

If Yes: Will this course allow multiple registrations during the same semester?

2j. Course Description for Bulletin: This course develops the economics view of the role of government from both normative and positive perspectives. Conditions under which markets perform well are presented, as well as cases where there is market failure. Legal and social institutions that support markets are discussed, as are government policies to intervene in markets. Economic models of the operation of government are developed to understand possible shortcomings of government action, as well further linkages of economics to law. The economics perspective on income redistribution is presented along with examples from specific government programs.

2k. Prerequisites, if any: ECO 201

2l. Supplementary Teaching Component:

3. Will this course taught off campus? No

If YES, enter the off campus address:

4. Frequency of Course Offering: Spring,

Will the course be offered every year?: Yes

If No, explain:

5. Are facilities and personnel necessary for the proposed new course available?: Yes

If No, explain:

6. What enrollment (per section per semester) may reasonably be expected?: 45

7. Anticipated Student Demand

Will this course serve students primarily within the degree program?: Yes

Will it be of interest to a significant number of students outside the degree pgm?: Yes

If Yes, explain: Non-majors who have taken ECO 201 and wish more economic analysis of policy seem likely to desire the course.

8. Check the category most applicable to this course: Traditional – Offered in Corresponding Departments at Universities Elsewhere,

If No, explain:

9. Course Relationship to Program(s).

a. Is this course part of a proposed new program?: No

If YES, name the proposed new program:

b. Will this course be a new requirement for ANY program?: No

If YES, list affected programs:

10. Information to be Placed on Syllabus.

a. Is the course 400G or 500?: No

b. The syllabus, including course description, student learning outcomes, and grading policies (and 400G-/500-level grading differentiation if applicable, from **10.a** above) are attached: Yes

## Distance Learning Form

Instructor Name:

Instructor Email:

Internet/Web-based: No

Interactive Video: No

Hybrid: No

1. How does this course provide for timely and appropriate interaction between students and faculty and among students? Does the course syllabus conform to University Senate Syllabus Guidelines, specifically the Distance Learning Considerations?

2. How do you ensure that the experience for a DL student is comparable to that of a classroom-based student's experience? Aspects to explore: textbooks, course goals, assessment of student learning outcomes, etc.

3. How is the integrity of student work ensured? Please speak to aspects such as password-protected course portals, proctors for exams at interactive video sites; academic offense policy; etc.

4. Will offering this course via DL result in at least 25% or at least 50% (based on total credit hours required for completion) of a degree program being offered via any form of DL, as defined above?

If yes, which percentage, and which program(s)?

5. How are students taking the course via DL assured of equivalent access to student services, similar to that of a student taking the class in a traditional classroom setting?

6. How do course requirements ensure that students make appropriate use of learning resources?

7. Please explain specifically how access is provided to laboratories, facilities, and equipment appropriate to the course or program.

8. How are students informed of procedures for resolving technical complaints? Does the syllabus list the entities available to offer technical help with the delivery and/or receipt of the course, such as the Information Technology Customer Service Center (<http://www.uky.edu/UKIT/>)?

9. Will the course be delivered via services available through the Distance Learning Program (DLP) and the Academic Technology Group (ATL)? NO

If no, explain how student enrolled in DL courses are able to use the technology employed, as well as how students will be provided with assistance in using said technology.

10. Does the syllabus contain all the required components? NO

11. I, the instructor of record, have read and understood all of the university-level statements regarding DL.

Instructor Name:

SIGNATURE|SKELLEY|Scott W Kelley|ECO 379 NEW College Review|20140512

SIGNATURE|JMETT2|Joanie Ett-Mims|ECO 379 NEW Undergrad Council Review|20141014

SIGNATURE|SKELLEY|Scott W Kelley|ECO 379 NEW College Review|20140929

SIGNATURE|JMETT2|Joanie Ett-Mims|ECO 379 NEW Undergrad Council Review|20141014

Courses	Request Tracking
---------	------------------

### New Course Form

https://myuk.uky.edu/sap/bc/soap/rfc?services=

[Open in full window to print or save](#)

**Attachments:**

No file selected.

ID	Attachment
Delete 3873	ECO 379 syl oct 2014.docx

First 1 Last

Select saved project to retrieve...

(\*denotes required fields)

**1. General Information**

- a. \* Submitted by the College of: BUSINESS AND ECONOMICS      Submission Date: 9/28/2014
- b. \* Department/Division: Economics - RCTF
- c.
  - \* Contact Person Name: John Garen      Email: jgaren@uky.edu      Phone: 257-3581
  - \* Responsible Faculty ID (if different from Contact)      Email:      Phone:
- d. \* Requested Effective Date: \* Semester following approval OR  Specific Term/Year 1
- e.
  - Should this course be a UK Core Course?  Yes \* No
  - If YES, check the areas that apply:

- Inquiry - Arts & Creativity       Composition & Communications - II
- Inquiry - Humanities       Quantitative Foundations
- Inquiry - Nat/Math/Phys Sci       Statistical Inferential Reasoning
- Inquiry - Social Sciences       U.S. Citizenship, Community, Diversity
- Composition & Communications - I       Global Dynamics

**2. Designation and Description of Proposed Course.**

- a. \* Will this course also be offered through Distance Learning?  Yes 4 \* No
- b. \* Prefix and Number: ECO 379
- c. \* Full Title: The Economics of Public Policy, Law, and Government
- d. Transcript Title (if full title is more than 40 characters):
- e. To be Cross-Listed <sup>2</sup> with (Prefix and Number):
- f. \* Courses must be described by at least one of the meeting patterns below. Include number of actual contact hours<sup>3</sup> for each meeting pattern type.
 

<input type="checkbox"/> 3 Lecture	<input type="checkbox"/> Laboratory <sup>1</sup>	<input type="checkbox"/> Recitation	<input type="checkbox"/> Discussion
<input type="checkbox"/> indep. Study	<input type="checkbox"/> Clinical	<input type="checkbox"/> Colloquium	<input type="checkbox"/> Practicum
<input type="checkbox"/> Research	<input type="checkbox"/> Residency	<input type="checkbox"/> Seminar	<input type="checkbox"/> Studio
<input type="checkbox"/> Other      If Other, Please explain:			
- g. \* Identify a grading system:
  - \* Letter (A, B, C, etc.)
  - Pass/Fail
  - Medicine Numeric Grade (Non-medical students will receive a letter grade)
  - Graduate School Grade Scale
- h. \* Number of credits: 3
- i. \* Is this course repeatable for additional credit?  Yes \* No
  - If YES: Maximum number of credit hours:
  - If YES: Will this course allow multiple registrations during the same semester?  Yes  No
- j. \* Course Description for Bulletin:

This course develops the economics view of the role of government from both normative and positive perspectives. Conditions under which markets perform well are presented, as well as cases where there is market failure. Legal and social institutions that support markets are discussed, as are government policies to intervene in markets. Economic models of the operation of government are developed to understand possible shortcomings of government action, as well as further linkages of economics to law. The economics perspective on income redistribution is presented along with examples from specific government programs.

k. Prerequisites, if any:  
ECO 201

i. Supplementary teaching component, if any:  Community-Based Experience  Service Learning  Both

3. \* Will this course be taught off campus?  Yes \*  No

If YES, enter the off campus address:

4. Frequency of Course Offering.

a. \* Course will be offered (check all that apply):  Fall  Spring  Summer  Winter

b. \* Will the course be offered every year? \*  Yes  No

If No, explain:

5. \* Are facilities and personnel necessary for the proposed new course available? \*  Yes  No

If No, explain:

6. \* What enrollment (per section per semester) may reasonably be expected? 45

7. Anticipated Student Demand.

a. \* Will this course serve students primarily within the degree program? \*  Yes  No

b. \* Will it be of interest to a significant number of students outside the degree pgm? \*  Yes  No

If YES, explain:

Non-majors who have taken ECO 201 and wish more economic analysis of policy seem likely to desire the course.

8. \* Check the category most applicable to this course:

- Traditional – Offered in Corresponding Departments at Universities Elsewhere  
 Relatively New – Now Being Widely Established  
 Not Yet Found in Many (or Any) Other Universities

9. Course Relationship to Program(s).

a. \* Is this course part of a proposed new program?  Yes \*  No

If YES, name the proposed new program:

b. \* Will this course be a new requirement<sup>5</sup> for ANY program?  Yes \*  No

If YES<sup>5</sup>, list affected programs::

10. Information to be Placed on Syllabus.

a. \* Is the course 400G or 500?  Yes \*  No

If YES, the *differentiation for undergraduate and graduate students must be included* in the information required in 10.b. You must include: (i) identification of additional assignments by the graduate students; and/or (ii) establishment of different grading criteria in the course for graduate students. (See SR 3.1.4.)

b.  \* The syllabus, including course description, student learning outcomes, and grading policies (and 400G-/500-level grading differentiation if applicable, from 10.a above) are attached.

<sup>11</sup> Courses are typically made effective for the semester following approval. No course will be made effective until all approvals are received.

<sup>12</sup> The chair of the cross-listing department must sign off on the Signature Routing Log.

<sup>13</sup> In general, undergraduate courses are developed on the principle that one semester hour of credit represents one hour of classroom meeting per week for a semester, exclusive of any laboratory meeting. Laboratory meeting, generally, represents at least two hours per week for a semester for one credit hour. (from SR 5.2.1)

<sup>14</sup> You must also submit the Distance Learning Form in order for the proposed course to be considered for DL delivery.

<sup>15</sup> In order to change a program, a program change form must also be submitted.

**Economics 379**  
**The Economics of Public Policy, Law, and Government**

Instructor: Professor John Garen                      Proposed Meeting Time: Fall Term, T, Th 2:00 – 3:15  
Office: 335AZ Business & Economics                      (other times and Spring term are also possible)  
Hours: To be determined by future scheduling  
Phone: 257-3581  
e-mail: jgaren@uky.edu                      Website: <http://gatton.uky.edu/Faculty/garen/index.html>

**Course Description**

This course develops the economics view of the role of government from both normative and positive perspectives. Conditions under which markets perform well are presented, as well as cases where there is market failure. Legal and social institutions that support markets are discussed, as are government policies to intervene in markets. Economic models of the operation of government are developed to understand possible shortcomings of government action, as well as further linkages of economics to law. The economics perspective on income redistribution is presented along with examples from specific government programs.

**Further Course Background**

Economics has well-developed concepts of human welfare, some of which are related to constructs in political philosophy. One part of this course uses these concepts in a normative sense to assess the operation of markets in promoting human welfare. Conditions under which markets perform well in this regard are presented, as well as cases for which there may be market failure. Legal and social institutions that support markets in performing well are reviewed. Government policy to address problems in this regard is presented.

It is often observed that actual government intervention does not correspond to the prescriptions outlined in the normative analysis. A second part of this course deals with this question, i.e., why we see this type of government activity. Economic models of the operation of government are developed in the context of representative democracy. Conditions under which we may see government failure, such as the disproportionate influence of special interest groups, are outlined. The policy implications of this approach differ considerably and largely focus on the allocation of political power. Legal issues arise here as well regarding the Constitutional powers of the government and how powers are allocated to jurisdictions.

One common use of the powers of government is to redistribute income. Arguments regarding income redistribution from an economics perspective are reviewed and discussed, as is the general structure and incentive effects of such programs. Examples from specific programs are used to illustrate these points.

**Student Learning Objectives**

After completion of the course, students will be able to do the following:

1. Articulate economic concepts of human welfare in comparison to other perspectives.
2. Use economic analysis to illustrate how markets may serve the promotion of human welfare, how the law can support this, and how markets may fail in this regard.
3. Identify broad government policies to deal with situations of market failure.

4. Apply economic analysis to the operation of the public sector, illustrate how it may attain or fail to attain its idealized goals, and understand how institutions that affect this.
5. Use economic arguments regarding income redistribution programs and apply them to understand fundamental trade-offs in particular programs.

### **Course Goals**

The overall goal of the course is to deepen students understanding of the role of markets, government policy, and the law in the economy and society. In doing so:

- Students will learn the theoretical foundations of markets, their supporting institutions, and their advantages and disadvantages, as well as normative prescriptions to deal with the disadvantages.
- Moreover, students will learn the analytical foundations of the operation of government and the conditions under which government may fail to achieve its normative goals.
- Additionally, students will develop and apply economic analysis regarding income redistribution and apply this analysis to particular income redistribution programs.

### **Course Prerequisites**

ECO 379 is intended for students who do not necessarily wish to major in economics. As such, it is designed to be accessible for non-economics majors. The only prerequisite is ECO 201.

### **Exams and Grades**

There will be two quizzes and three exams; two in-class exams and a non-cumulative final exam. Each quiz counts for 12.5% of your grade and each exam counts 22.5%. Additionally, periodic homework assignments will be given which collectively count for 7.5% of your grade.

In summary:

<u>Task</u>	<u>Pct. of Grade</u>
Quiz #1	12.5%
Exam #1	22.5%
Quiz #2	12.5%
Exam #2	22.5%
Final exam	22.5%
Homework	7.5%

(Hard copy of homework must be submitted in class. There will be 5 homework assignments; one each prior to the 1<sup>st</sup> quiz, to the 1<sup>st</sup> midterm, to the 2<sup>nd</sup> quiz, to the 2<sup>nd</sup> midterm, and to the final. Each is worth 1.5% of the grade, for a total 7.5%.)

The grading scale is:

90-100%	A
80-89%	B
70-79%	C
60-69%	D
<60%	E

### **Mid-term Grade**

Mid-term grades will be posted in myUK by the deadline established in the Academic Calendar (<http://www.uky.edu/Registrar/AcademicCalendar.htm>)



### **Course Materials**

Holcombe, Randall, *Public Sector Economics: The Role of Government in the American Economy*, Pearson Prentice Hall, 2006.

Selected other articles and essays.

Supplemental readings regarding current events relevant to course topics.

(All readings outside the text will be made available to student electronically via Blackboard.)

### **Accommodations due to disability**

If you have a documented disability that requires academic accommodations, please see me as soon as possible during scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (Room 2, Alumni Gym, 257-2754, email address: jkarnes@email.uky.edu) for coordination of campus disability services available to students with disabilities.

### **Absences**

Students may do make up exams and homework for excused absences.

### **Excused Absences**

Students need to notify the professor of absences prior to class when possible. S.R. 5.2.4.2 defines the following as acceptable reasons for excused absences: (a) serious illness, (b) illness or death of family member, (c) University-related trips, (d) major religious holidays, and (e) other circumstances found to fit “reasonable cause for nonattendance” by the professor.

Students anticipating an absence for a major religious holiday are responsible for notifying the instructor in writing of anticipated absences due to their observance of such holidays no later than the last day in the semester to add a class. Information regarding dates of major religious holidays may be obtained through the religious liaison, Mr. Jake Karnes (859-257-2754).

Students are expected to withdraw from the class if more than 20% of the classes scheduled for the semester are missed (excused or unexcused) per university policy.

### **Verification of Absences**

Students may be asked to verify their absences in order for them to be considered excused. Senate Rule 5.2.4.2 states that faculty have the right to request “appropriate verification” when students claim an excused absence because of illness or death in the family. Appropriate notification of absences due to university-related trips is required prior to the absence.

### **Academic Integrity**

Per university policy, students shall not plagiarize, cheat, or falsify or misuse academic records. Students are expected to adhere to University policy on cheating and plagiarism in all courses. The minimum penalty for a first offense is a zero on the assignment on which the offense occurred. If the offense is considered severe or the student has other academic offenses on their record, more serious penalties, up to suspension from the university may be imposed.

Plagiarism and cheating are serious breaches of academic conduct. Each student is advised to become familiar with the various forms of academic dishonesty as explained in the Code of

Student Rights and Responsibilities. Complete information can be found at the following website: <http://www.uky.edu/Ombud>. A plea of ignorance is not acceptable as a defense against the charge of academic dishonesty. It is important that you review this information as all ideas borrowed from others need to be properly credited.

Part II of *Student Rights and Responsibilities* (available online <http://www.uky.edu/StudentAffairs/Code/part2.html>) states that all academic work, written or otherwise, submitted by students to their instructors or other academic supervisors, is expected to be the result of their own thought, research, or self-expression. In cases where students feel unsure about the question of plagiarism involving their own work, they are obliged to consult their instructors on the matter before submission.

When students submit work purporting to be their own, but which in any way borrows ideas, organization, wording or anything else from another source without appropriate acknowledgement of the fact, the students are guilty of plagiarism. Plagiarism includes reproducing someone else's work, whether it be a published article, chapter of a book, a paper from a friend or some file, or something similar to this. Plagiarism also includes the practice of employing or allowing another person to alter or revise the work which a student submits as his/her own, whoever that other person may be.

Students may discuss assignments among themselves or with an instructor or tutor, but when the actual work is done, it must be done by the student, and the student alone. When a student's assignment involves research in outside sources of information, the student must carefully acknowledge exactly what, where and how he/she employed them. If the words of someone else are used, the student must put quotation marks around the passage in question and add an appropriate indication of its origin. Making simple changes while leaving the organization, content and phraseology intact is plagiaristic. However, nothing in these Rules shall apply to those ideas which are so generally and freely circulated as to be a part of the public domain (Section 6.3.1).

Please note: Any assignment you turn in may be submitted to an electronic database to check for plagiarism.

## **Course Outline, Readings, and Timeline**

### **Week 1**

#### *Topics*

Basics of supply and demand; Economic efficiency; Pareto criterion of economic efficiency; other concepts such as Kaldor-Hicks, utilitarian.

#### *Readings*

Holcombe: Ch. 1, Introduction

Ch. 2, Principles for Analyzing Government

Ch. 3, Property Rights and Economic Efficiency

## Week 2

### *Topics*

Institutions that support a market economy: legal protection of rights, protection of property, enforcing contracts. The Coase theorem and the assignment and trading of property rights.

### *Readings*

Barnett, Randy, *Contracts: The Oxford Introduction the U.S. Law*, New York: Oxford University Press, 2010, Ch. 4, "Enforceability," pp. 127-147.

Yandle, Bruce, *Common Sense and Common Law for the Environment*, New York: Rowan & Littlefield, 1997, Ch. 4, "Common Law Protection of Environmental Rights," pgs. 87-118.

Rosenberg, Nathan and Birdzell, L.E., *How the West Grew Rich*, Basic Books, 1986, Ch. 4, "The Evolution of Institutions Favorable to Commerce," pgs.113-143.

**\*\*Quiz #1 at the end of the 2<sup>nd</sup> week.**

## Week 3

### *Topics*

Externalities, Public Goods, Natural Monopoly. Problems with market efficiency; approaches to deal with, e.g., taxes/subsidies, regulation.

### *Readings*

Holcombe: Ch. 4, Externalities  
Ch. 5, Public Goods

Coase, Ronald, "The Problem of Social Cost," *Journal of Law and Economics*, vol. 3, Oct. 1960.

Richard Schmalensee, Paul L. Joskow, A. Denny Ellerman, Juan Pablo Montero and Elizabeth M. Bailey, "An Interim Evaluation of Sulfur Dioxide Emissions Trading," *Journal of Economic Perspectives*, 12(3), Summer 1998, pp. 53-68.

## Week 4

### *Topics*

Safety net/income distribution issues. Introductory discussion of various justifications for income redistribution.

### *Readings*

Holcombe: Ch. 6, The Economic Role of the State

## Week 5

### *Topics*

Behavioral Economics Issues: questioning the rationality model. How might government address this?

### *Readings*

Holcombe: Ch. 6, The Economic Role of the State (continued)

**\*\*Exam #1 at the end of the 5<sup>th</sup> week.**

## **Week 6**

### *Topics*

Tax shifting; real versus nominal burden; Elasticities and tax incidence

### *Readings*

Holcombe: Ch. 10, Positive Principles of Taxation

## **Week 7**

### *Topics*

The welfare cost of taxation; Compliance and administrative costs

### *Readings*

Holcombe: Ch. 10, Positive Principles of Taxation (continued)

**\*\*Quiz #2 at the end of the 7<sup>th</sup> week.**

## **Week 8**

### *Topics*

Collective decision making: the Pareto principle, unanimity, and departures from unanimity; representative democracy.

### *Readings*

Holcombe, Ch. 7, A Theory of Collective Action

## **Week 9**

### *Topics*

The median voter model and related implications: cyclical voting; agenda control; logrolling.

### *Readings*

Holcombe, Ch. 8, Public Sector Demand

## **Week 10**

### *Topics*

Rational ignorance: special interests and the distribution of benefits and costs of government programs; rent seeking; public bureaucracies

### *Readings*

Holcombe, Ch. 9, Supply and Demand in Political Markets

## **Week 11**

### *Topics*

Constitutions and the dispersion and allocation of power.

### *Readings*

Epstein, Richard, "Self Interest and the Constitution," *Journal of Legal Education*, June 1987.

Buchanan, James, *The Constitution of Economic Policy*, Nobel Prize lecture, December 1986.

## **Week 12**

### *Topics*

Federalism: the Tiebout model; trade-offs in centralized versus decentralized government; Leviathan issues; inefficient taxation issues.

*Readings*

Holcombe, Ch. 24, The Federal System of Government

Tiebout, Charles, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, October 1956.

**\*\*Exam #2 at the end of the 12<sup>th</sup> week.**

**Week 13**

*Topics*

Arguments regarding the desirability of redistribution. Income equality and utilitarianism; equality of outcome or equality of opportunity; warm glow models; charitable giving as a public good; Rawlsian arguments.

*Readings*

Holcombe, Ch. 18, Taxation and Redistribution

Sandel, Michael J., *Justice: What's the Right Thing to Do?*, Ch. 6, "The Case for Equality/John Rawls," Farrar, Straus and Giroux, 2009.

**Week 14**

*Topics*

Redistribution and the Samaritan's dilemma; the general nature of incentives in income redistribution programs.

*Readings*

Holcombe, Ch. 19, Government Redistribution Programs

Browning, Edgar, *Stealing From Each Other*, Ch. 1, "Egalitarianism and the Market," Praeger, 2008.

**Week 15**

*Topics*

Basic analytics of healthcare programs.

*Readings*

Holcombe, Ch. 22, Health Care

Kaiser Family Foundation, *Summary of the Affordable Care Act*, April 2011, <http://kaiserfamilyfoundation.files.wordpress.com/2011/04/8061-021.pdf>.

Tanner, Michael, "Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law," Cato Institute, 2011.

<http://object.cato.org/sites/cato.org/files/pubs/pdf/BadMedicineWP.pdf>

**Week 16**

**\*\*Final Exam following the University schedule.**