Course Outline
The course analyzes the role of the state in an economy, including particularly its manifestation as a service, or welfare, state. The first part presents the theory of collective economic activity, the economic theories of justice, democracy, and bureaucracy, and the theory of tax incidence. The second part of the course uses the tools developed in the first part to analyze specific governmental institutions, expenditure programs, and taxes. U.S. practice is primary, but it is put into some comparative international perspective.

Course Requirements
Students should obtain a broad understanding of the theoretical issues covered, and broad factual knowledge of the practical issues covered. In addition, students should specialize in one of the subjects treated in the course. A midterm and a final exam count for 1/3 of the grade each; and a very short research essay, preferably empirical, of 1500 words or so, counts for the remaining 1/3 of the grade. A one paragraph paper proposal, to include references and sources, and graded as part of the paper, is due at class meeting 7. The paper itself is due one week after the final exam. Class participation is welcome any time.

There will be a student debate on vouchers in education at ca. the 12th class meeting. Four students can participate in lieu of writing a paper. The debate lasts exactly forty minutes.

Contact
T, W, Th, 4 – 6 PM., Room 104-R
e-mail: fdweiss@jhu.edu

Textbooks and Readings

Everything else on the reading list will be on reserve, books as print (p) at 1717, and single chapters and articles as electronic (e). Code: WEI627

Weekly Topic Schedule
1 Markets and Governments
   Hillman, Chapter 1, Supplement 1A
   Hillman, Chapter 7.
2. Public Goods and Club Goods
Hillman, Chapter 3.1-3.2, Supplement 3A, 3D.

3a. Externalities
Hillman, Chapter 5.

3b. “Internalities” [“I can resist anything except temptation.”—Oscar Wilde]

4. Risk and Information

5a. Voting
Hillman, Chapter 6.

5b. Bureaucracy and the Scope of Government
Hillman, Chapter 2.

6. Tax Incidence
Hillman, Chapter 9.1-9.2.
7. **Midterm Exam** on Sessions 1 – 6.

**Paper proposal due today.**

**Spring Break**

8. **Some Taxes in Some Places**

9. **Health Care**
   Hillman, Chapter 8.1, 8.3.

10a. **Statutory Pensions (Social Security)**
    Hillman, Chapter 8.2.

10b. **Sustainability of the Government Budget Deficit**
    TBD

11. **Income Distribution and Redistribution**
    Hillman, Chapter 7; Supplement 7A.
12. Education
Hillman, Chapter 10.2.

13. Fiscal Federalism
Hillman, Chapter 9.3.

14. **Final Exam**

15. **Paper Due**