Course content
What should the government do and how should it do it? This course reviews the central principles of welfare economics (including externalities, public goods, and economic justice), benefit-cost analysis, and taxation and applies them to selected policy issues in Hawaii, the U.S., and the world. Topics include: global warming and energy policies; the fiscal sustainability of the U.S.; education policy; the medicalization of marijuana; health care reform; social security reform; rail and corruption. Students are welcome to suggest other applications.

Text Rosen and Gayer, *Public Finance, 2010*

Policy analysis for Hawaii: working papers and columns:
1. “The Economics of Prohibition: Price, Consumption and Enforcement Expenditures during Alcohol Prohibition,” w/ Min Min Thaw
2. “Black Hole Economics” (Laulima) and “Black Hole Security”
   [http://ideas.repec.org/p/hai/wpaper/199608.html](http://ideas.repec.org/p/hai/wpaper/199608.html)
   [http://ideas.repec.org/p/hai/wpaper/199608.html](http://ideas.repec.org/p/hai/wpaper/199608.html)
6. Fixed Rail: Another Case of Blackhole Economics (available on request). See also Power Point presentation.
   “Marijuana and Ice: Why Drug Wars Fail,” (available on request)
7. Development is Letting Go of Fear
8. To Rail or not to rail w/ W. Fox

Requirements and weights
Quizzes: ² 32%
Final: ³ 30%
Project/paper: ⁴ 24%
Homework and citizenship: ⁵ 14%

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¹ 514 Saunders, Off hrs: 1:30-2:45 and by appt. [jimr@hawaii.edu](mailto:jimr@hawaii.edu)
² Quizzes will be announced one week in advance. No alternative times will be offered except in extraordinary cases. Students may be excused a priori for illness or non-health emergency with appropriate verification. Otherwise, missed exams are recorded as zero points. Late registrants are responsible for all course content and exams as are those who miss lectures. You are encouraged to cooperate with your classmates, but, barring exceptional circumstances, please do not ask the instructor to supply information from lectures that you have missed.
³ See [UHM Schedule of Courses](http://www.hawaii.edu/)
⁴ Any topic related to text, lectures, and/or syllabus. Local relevance is encouraged, not required. Max is 20 pgs; no min. Target: 8-10 pages plus figures, references etc. Class presentation may be substituted for paper. For groups of 2 or 3, paper and presentation is required. Proposal due Sept 20. Paper due day of penultimate class. Class presentations must be scheduled in advance for the last 2 weeks of class (but if you want to present earlier, just ask).
Tentative lecture and reading topics
Free riders and public goods. Lindahl solution. Project evaluation (benefit/cost)
Political economy (logrolling, rent-seeking, and corruption)
Income distribution and poverty alleviation
Education policy and vouchers. Social security and medicare
Principles of tax reform (excess burden and equity)
Income taxes. Corporate income and business taxes. Consumption taxes
The U.S. debt and deficits. Is the US imitating the PIGS? How can we fix it?
Reforming public finance in Hawaii
Regulating public utilities (water, electricity)
Drug wars, price ceilings, rapid transit, tariff “protection,” facilitating market
development, energy for sustainable development, and other policy applications of local,
national, and international interest

5 Contributions to the learning community (including class participation, additional presentations,
facilitating availability of course materials, bringing pertinent current articles, websites etc. to class’s
attention).