UMKC School of Law Fall Semester 2006

COURSE NAME: Public Finance
COURSE NUMBER: Law 771
PROFESSOR: Bill Black

ESSENTIAL PREREQUISITES: None for Law Students.

DESIRABLE PREREQUISITES: Some prior course work in economics or finance. I will provide an overview of key finance concepts in teaching the course.

COURSE BOOKS:

*Public Finance and Public Policy*
Jonathan Gruber
- **Hardcover:** 704 pages
- **Publisher:** Worth Publishers (December 21, 2004)
- **Language:** English
- **ISBN:** 0716786559

and

*Big Bets Gone Bad: Derivatives and Bankruptcy in Orange County.* The largest municipal failure in U.S. History; Philippe Jorian; Academic Press, Inc. (a division of Harcourt Brace) ISBN 0-12-390360-2; September 18, 1995

METHOD OF GRADING & APPRAISAL OF STUDENT FOR GRADE: The graded assignments will include objective and essay examination questions and a major group research paper and presentation.

SUMMARY DESCRIPTION OF COURSE:

This course examines the economics, finance and legal issues paramount in modern public finance at the federal, state and local level. We will study the rival theories that economists use to evaluate revenue and expenditure policies. We will contrast those theories with the policy decisions that governments actually make and explore the often stark differences. We will also study the differences in the federal, state and municipal legal environments that shape and constrain public finance decisions. Finally, we will examine the managerial and political maladies that can cause public finance decisions to produce crises.

COURSE CONTENT:

The course is an interdisciplinary survey course. It provides an introduction to and overview of federal, state and local public finance for law, economics and finance students. We will survey rival economic theories concerning the major revenue sources and expenditures, examine characteristic differences in public finance at the three levels of government, and explore key aspects of the legal environment that shape these differences.

We will then review in more depth through case studies why things go badly wrong in public finance and legal, finance and managerial reforms that can avoid or
reduce these maladies. We will study both endemic abuses and financial crises. We will spend several weeks examining what caused the most expensive municipal bankruptcy in U.S. history (Orange County, California). The Orange County case will allow us to study the interplay of public finance and public financial management theory as well as providing exposure to financial derivatives and the increasingly important role they play in modern public finance.

RELEVANCY OF COURSE FOR CAREER PURPOSES: The course provides expertise useful to a very wide range of careers. A strong knowledge of public finance is vital to all those who wish to consider careers in the public sector or careers aiding the public sector. In addition, governments are major customers of the private sector, major funders of the non-profit sector and affect nearly everyone through taxation, fees and public expenditures.