

Public Economics

SYLLABUS

Department responsible for the course

or equivalent: Economics Faculty, Economics Theory Department

Lecturer: Anna V. Ermishina, *AVErmishina@sfedu.ru*

Semester when the course unit is delivered: Autumn semester

Teaching hours per week: 4

Level of course unit: Second cycle – Master level

ECTS credits: 5

Admission requirements: English course B1.

Course objectives (aims)

The course consists in the economic analysis of the role and responsibilities of governments in modern (market) economies. Governments have a major role to play in modern economies, first, because there are prerequisites to the good functioning of markets that only governments can provide (e.g., rule of law, enforcement of property rights, and creation of a competitive environment) and, second, because more often than not markets do not spontaneously bring about efficiency (there is a market failures) and social justice, thus opening room for corrective public intervention. The course will focus on public goods and externalities, and on social justice and social welfare. It will examine the various types of public goods and externalities, and derive optimal policy responses to such market failures. It will also discuss the different conceptions of social justice and social welfare, and how these translate into income redistribution policies. Finally, the course will examine alternative public decision rules from a positive (political economy) perspective.

The objective of this course is to introduce students in the knowledge of those aspects that help them to understand why State is participating in the economy and also show them with the big problems that public sector is facing at present.

Learning Outcomes

By the end of the course, students should be able to:

- ✓ identify and analyze the main market and policy failures;
- ✓ outline the policy instruments available to the government in order to redress market failures and improve market outcomes;
- ✓ evaluate the effectiveness of these instruments, taking into account their effects on private agents' incentives;
- ✓ analyse the analytics of the government's budget constraint;

- ✓ explain and evaluate the benchmark theories of Ricardian Equivalence and Tax Smoothing;
- ✓ outline and assess new political economy explanations of the post-war increase in government debt and its distribution across economies;

utilise the explanations of differing fiscal experiences across economies to improve the design of fiscal institutions.

Course Outline

No	Subject	Form of Lesson	Duration, hrs
	Public Economics -1		
1.	Market and Governments	Lecture Seminar	4
2.	Institutions and Governance	Lecture Seminar	4
3.	Public goods	Lecture Seminar	4
4.	Public Finance for Public Good	Lecture Seminar	4
	Public Economics - 2		
5.	Market Corrections	Lecture Seminar	4
6.	Voting	Lecture Seminar	4
7.	Social Justice and Entitlements	Lecture Seminar	4
8.	Choice of Taxation	Lecture Seminar	4
9.	The Need for Government	Lecture Seminar	2
	Paper Presentations	Seminar	2
			36

Planned learning activities and teaching methods

The following methods and forms of study are used in the course:

- Lectures
- Seminars
- Practical Classes

- Colloquium
- Essays Writing
- Paper Writing
- Self-study
- Use of different reference books and Internet resources

Requirements

During the session students are required to

- attend class lectures;
- participate in seminars;
- write essays;
- represent the main ideas of essays in oral presentation;
- write a paper (long essay).

An essay is a prose analysis on one of the prescribed topics. For essay students should consult items from the booklist given with the course. Students may use other items as well, but ensure that they are books or articles of relevance and equivalent scholarly standard to those on these lists. All recommended readings listed here are indicative rather than exhaustive. Students shouldn't be afraid to add to the list from own literature searches. Recommended essay volume is approximately 300 -1,000 words.

A paper will be assessed to the following criteria: range and quality of readings, evidence of investigative effort, relevance to paper question, awareness of relevant historians' interpretations, use of primary evidence, analytical abilities and overall arguments. Recommended paper volume is approximately 1,5-3,000 words (format should be Times Roman, 12 point font, 1,5 line spacing, 1 inch margins.)

Assessment System

- Class participation - 10%
- Written 10 essays - 20%
- Oral presentation – 20%
- Participation in discussion – 10%
- Presenting Written Paper - 40%

Students' assessment will be the result of their participation in practical classes along the course. Nevertheless, a minimum mark on the exam (50%) will be required. At the end of the term the teacher will publish a list with the mark obtained by each student throughout the classes.

READING

Core Reading

- Stiglitz, Joseph E. Atkinson, Anthony B. (2015) Lectures on Public Economics: Updated Edition. Princeton University Press, New Jersey.
- Hillman, A.L. (2009) Public Finance and Public Policy Responsibilities and Limitations of Government. 2nd edition. Cambridge Books, Cambridge University Press.

Additional Reading

- Gruber J. (2007) Public Finance and Public Policy, 2nd Edition, Worth
- Hendricks, J. and Myles, G.D. (2006), Intermediate Public Economics, MIT Press.
- Mueller, D.C. (2003) Public Choice III, Cambridge University Press.
- Rosen, Harvey S., (2007) Public Finance. Irwin/McGraw-Hill
- Aaron H.J. & Gale W. G., (eds.), (1996) Economic Effects of Fundamental Tax Reform. Washington, D.C.: Brookings Institution Press
- Atkinson A.B.,(1999) The Economic Consequences of Rolling Back the Welfare State. The MIT Press. Ch. 2
- Auten G. & Carrol R., (1999) The Effect of Income Taxes on Household Income. Review of Economics and Statistics, v.81, n.4, pp. 681-93
- Beers C. van. (2001) Public Subsidies and Policy Failures. The Netherland
- Coombs H.M., Jenkins D.E. (1994) Public Sector Financial Management.-2-nd edit.-London: Chapman & Hall
- Creedy J. (2001) Taxation and Economic Behavior. Australia
- Dafflon B. (2002) Local Public Finance in Europe. Switzerland
- Dollery B. (2001) The Political Economy of Local Government. New Zealand
- Feldstein M., (1997) How Big Should Government Be? National Tax Journal, vol. 50 (June), pp. 197-213 (NBER WP No.5868)

Internet Resources

- OECD's Classification of the Functions of Government (CoFoG) at:
<http://www.oecd.org/dataoecd/18/0/2666146.pdf>
- UNDP at: <http://www.undp-povertycentre.org/site/PublicationShow.do#wor>
- Etc