**Course descriptor**

|  |  |
| --- | --- |
| Title of the course | **Public Economics** |
| Title of the Academic Programme  | Urban Development and Governance |
| Type of the course[[1]](#footnote-1) | Mandatory |
| Prerequisites | Microeconomics (at least introductory level), Elementary Mathematics |
| ECTS workload | 6 |
| Total indicative study hours | Directed Study | Self-directed study | Total |
| 68 | 160 | 228 |
| Course Overview | The course reviews responsibilities and limitations of government. Public choice and political-economy concepts and political and bureaucratic principal–agent problems that are the sources of limitations on government are introduced at the beginning for application to later topics. Concepts of behavioral economics and experimental results are integrated throughout this course. Asymmetric information is a recurring theme. The first topic summarizes evidence on and reasons for the growth of government and considers how trust or social capital affects the need for government Subsequent topics address questions concerning institutions and governance, public goods, market corrections (externalities and paternalist public policies), voting, taxation and bond financing of public spending choice of the structure of taxation and the tax base social justice and entitlements. The purpose of the course is to provide an accessible introduction to the choice between relying only on personal decisions in markets and the use of public finance and public policy by governments to improve market outcomes |
| Intended Learning Outcomes (ILO)[[2]](#footnote-2) |  By the end of the course student will be able to: 1. Discuss critically the major problems in the literature on public economics and policy  2. Present a coherent argument orally and in writing on topics in public economics  3. Use basic research methods  4. Apply economic analysis to economic policy problems  5. Appreciate key debates in thinking about contemporary economic policy problems  6. To have the background training necessary to function as an economic policy analyst  |
| Indicative Course Content | 1. THE NEED FOR GOVERNMENT 1.1 Growth of Government and the Need for Government 1.2 Cooperation, Trust, and the Need for Government 1.3 Views on the Need for Government2. INSTITUTIONS AND GOVERNANCE 2.1 The Political Principal–Agent Problem 2.2 Government Bureaucracy 2.3 Life without Markets and Private Property 3. PUBLIC GOODS 3.1 Types of Public Goods 3.2 Information and Public Goods 3.3 Cost-Benefit Analysis 4. MARKET CORRECTIONS 4.1 Externalities and Private Resolution 4.2 Public Policies and Externalities 4.3 Paternalistic Public Policies 5. VOTING 5.1 The Median Voter and Majority Voting 5.2 Political Competition 5.3 Voting on Income Redistribution 6. TAXATION AND BORROWING 6.1 Taxation 6.2 Tax Evasion and the Shadow Economy 6.3 Government Borrowing 7. CHOICE OF TAXATION 7.1 Optimal Taxation 7.2 Capital and Other Tax Bases 7.3 Fiscal Federalism 8. SOCIAL JUSTICE 8.1 Social Justice and Insurance 8.2 Moral Hazard 8.3 Social Justice without Government 9. ENTITLEMENTS 9.1 The Attributes and Consequences of Entitlements 9.2 The Entitlement to Income during Old Age 9.3 The Entitlement to Health Care and Health Insurance  |
| Teaching and Learning Methods |  Lectures and seminars (including students’ presentations, discussions and intermediate tests) |
| Indicative Assessment Methods and Strategy | 30% for activities at the seminars (presentations and discussions), 40% for 2 intermediate tests, 40% for final exam |
| Readings / Indicative Learning Resources[[3]](#footnote-3) | MandatoryHillman A.L. (2009). Public Finance and Public Policy. 2nd ed. Cambridge: Cambridge University Press, 2009.Optional Gruber J. (2010). Public Finance and Public Policy. 3rd ed. New York: Worth Publishers.Hyman D.N. (2010). Public Finance: A Contemporary Application of Theory to Policy. 10th ed. Mason: South-Western, Cengage Learning, Hindriks J., Myles G.D. (2006). Intermediate Public Economics. Cambridge, Mass.: The MIT Press. Kaplow L. (2008). The Theory of Taxation and Public Economics. Princeton & Oxford: Princeton University Press.Mueller D.C. (2003). Public Choice III. Cambridge: Cambridge University Press. |
| Course Instructor | Andrey Zaostrovtsev, professor, department of state management |

1. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)
3. [↑](#footnote-ref-3)