

Economie publique CM

Course title - Intitulé du cours	Economie publique CM
Level / Semester - Niveau / semestre	M1 / S2
School - Composante	Ecole d'Economie de Toulouse
Teacher - Enseignant responsable	CREMER HELMUTH
Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
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Other teacher(s) - Autre(s) enseignant(s)	
Other teacher(s) - Autre(s) enseignant(s)	
Lecture Hours - Volume Horaire CM	30
TA Hours - Volume horaire TD	10,5
TP Hours - Volume horaire TP	0
Course Language - Langue du cours	Français
TA and/or TP Language - Langue des TD et/ou TP	Anglais

Teaching staff contacts - Coordonnées de l'équipe pédagogique :

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Course's Objectives - Objectifs du cours :

Public economics studies the role of government in a market economy. The underlying setting is that of a decentralized economy in which economic decisions are coordinated by prices, which in turn are determined by "free markets". In reality, the public sector typically plays a significant role in these market economies. We examine why the government has to supplement the market mechanism, and how his intervention can be justified by efficiency and equity consideration. More significantly we study how policies should be designed. Which goods should be provided by the public sector? At what levels and at which prices? How should taxes and transfers be designed? Which tax instruments do we need? Do environmental considerations justify public intervention? If yes, under which form? These are some of the questions which will be dealt with.

The course provides an introduction to public economics. It is designed for advanced undergraduate students (with a good background in microeconomic theory).

Prerequisites - Pré requis :

Bonnes connaissances de micro

Practical information about the sessions - Modalités pratiques de gestion du cours :

ordinateur acceptés, la participation au cours est fortement recommandée, j'insiste sur le silence strict dans l'amphi (si vous avez le besoin de communiquer utiliser un chat qui ne fait pas de bruit), les arrivés tardives ne sont pas tolérées.

Grading system - Modalités d'évaluation :

Examen final pour la totalité de la note

Bibliography/references - Bibliographie/références :

Le cours est basé sur le manuel "Intermediate Public Economics" par Jean Hindricks et Gareth Myles, 2nd edition (MIT Press 2013). Par ailleurs j'ai des transparents qui peuvent servir de polycop (et être annotés par vous lors du cours; ils seront disponibles sur "Moodle").

Session planning - Planification des séances :

Plan indicatif

Introduction: The role of the public sector in a market economy (HM ch. 1,2,4, 5)

- a. Some facts and data
- b. Welfare theorems
- c. Market failures
- d. Redistribution and the equity-efficiency tradeoff
- e. Paternalism and "merit goods"

1. Public goods (HM6)

- a. Definitions
- b. Pareto efficient allocation: the Samuelson condition
- c. Decentralization and equilibrium
 - i. Lindahl equilibrium
 - ii. Voluntary contribution
 - iii. Preference revelation mechanisms
- d. Excludable public goods

2. Political economy (HM11)

- a. Introduction: voting and collective choice
- b. Arrow's impossibility theorem
- c. Majority voting
 - i. Definitions
 - ii. Median voter theorem
 - iii. Example: vote and public good provision
 - iv. Voting over more than one dimension: illustration

3. Externalities (HM 8)

- a. Definitions
- b. Problem: market failure
- c. Externality examples
- d. Remedies
 - i. "command and control"
 - ii. Taxes
 - iii. Markets for pollution permits
- e. Illustrations
 - i. Partial equilibrium
 - ii. Production externality
- f. Coase theorem

4. Cost benefit analysis (HM25)

- a. Background: consumer surplus, equivalent and compensating variation
- b. Hicks-Kaldor compensation principle
- c. General rule
- d. Specific problems: discounting, value of time, value of life, etc.

5. Taxation and efficiency (HM15)

- a. Desirable characteristics of tax systems
- b. Deadweight loss

6. Positive analysis: tax incidence (RS 12 and 13, GR19)

- a. Introduction
- b. Perfect competition
- c. Monopoly

7. Optimal taxation: Commodity taxes (HM 15)

8. Social insurance and retirement (HM23)

- a. Introduction
- b. Pay-as-you-go vs funded systems; Bismarck vs. Beveridge

- c. Rationale for public pensions
- d. Simple model
- e. Reform of pension systems