

Public Economics

Course title - Intitulé du cours	Public Economics/Economie Publique
Level / Semester - Niveau /semestre	M1/S2
Teacher - Enseignant responsable	Helmuth Cremer
Other teacher(s) - Autre(s) enseignant(s)	
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	English/French
TA and/or TP Language - Langue des TD et/ou TP	English

Teaching staff contacts – Coordonnées de l'équipe pédagogique :

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Course 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 :

Solid knowledge of microeconomics; basic calculus.

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

Computers accepted (anything which doesn't make noise). Class participation is highly recommended. Silence in the classroom is strictly enforced and late arrivals are not tolerated (but I know that teleportation between sites is currently not available). It is highly recommended to read the slides before coming to class.

Grading system – Modalités d'évaluation :

Final exam. The exam covers all the material mentioned in class *and* in the slides. Note that the slides are not meant to be self contained lecture notes. They are complements and not substitutes to class attendance.

Bibliography/references – Bibliographie/références :

There is no good textbook available for a class at this level. However the textbook "Intermediate Public Economics" by Jean Hindricks and Gareth Myles, 2nd edition (MIT Press 2013), provides background reading to most of the chapter. Copies of the slides, and some background papers are available on "Moodle". The slides are meant to be annotated and supplemented by your notes.

Session planning – Planification des séances

The following chapters (of different length) are covered.

1. Introduction: The role of the public sector in a market economy
2. Tax incidence
3. Taxation and efficiency
4. Optimal taxation: Commodity taxes
5. Optimal taxation: Income taxes
6. Income versus commodity taxes: the Atkinson-Stiglitz theorem
7. Pensions systems
8. Externalities
9. Public goods

Distance learning – Enseignement à distance :

Except under special circumstances (epidemic, strikes involving the blocking of roads and/or the teaching buildings, etc.) all classes are taught in presence.