Topics in public economics

Academic Year: (2019 / 2020) **Review date: 08-05-2020**

Department assigned to the subject: Economics Department

Coordinating teacher: NAME CORREA, ALVARO JOSE

Type: Electives ECTS Credits : 6.0

Year : Semester :

OBJECTIVES

Students must learn how to apply their knowledge in subjects such as Public Economics and Microeconomics in the analysis of problems relating to the role of the public sector in the economy.
In particular, students will acquire the following knowledge skills:
¿ Understanding of the reasons for government intervention in the provision of a basic set of private and public goods and the value judgments that justify different types of interventions that are seen in different countries
¿ The student will be exposed to the different systems of economic evaluation of public projects, with special emphasis on the information necessary to make possible that activity.
¿ Understand the role of the state as provider of insurance and the redistributive effect of its policies.
¿ Carefully distinguish the impact of government spending on the behavior and welfare of economic agents.
Moreover, the students will acquire the following skills and attitudes:
¿ Students will work both individually and in groups, so they must develop their capacity for teamwork.
¿ Through the presentation of their work orally or in writing, students will have the opportunity to improve their writing skills and how to speak in public.

DESCRIPTION OF CONTENTS: PROGRAMME

1. Externalities
1.1 Theory of Externalities
1.2 Private Sector solutions to negative externalities.
1.3 Public Sector remedies for externalitites
1.4 Distinctions Between Price and Quantity Approaches to Addressing Externalities
1.5 Externalities in Action: Environmental and Health Externalities
2. Public goods.
2.1 Specific examples of inefficient private provision.
2.2 The problem of Crowd-out.
2.3 How to measure the preferences for public goods.
3. Cost-benefit analysis.
3.1 Measuring the costs and benefits of public projects.
3.2 Applications: Valuing life; Valuing Time.
4. Government intervention in Education.
4.1 Private sector failures in the provision of education.
4.2 Redistribution, equality of opportunity and education.
4.3 Different types of public intervention.
4.4 Higher education.
4.5 Ways to evaluate educational institutions.
5. Problems of asymmetric information and adverse selection and social insurance policies.
5.1 Reasons for the social security system.
5.2 Unemployement insurance.
6. Public Health Systems.
7. Political economy
7.1 Representative democracy.
7.2 Public choice theory.
7.3 Rent seeking and corruption.

LEARNING ACTIVITIES AND METHODOLOGY

The student will apply the basic ideas of Public Economics to study specific cases of public sector intervention. As an important part of the teaching methodology is based on case studies, students should consult papers and articles in professional journals. In some cases the student will do empirical exercises with real data. Office hours will be useful to help students with specific questions and with their assignments.

ASSESSMENT SYSTEM

Grades will be based on a final exam (60%); homework and class participation (20%) and a midterm exam (20%).

% end-of-term-examination:	60
% of continuous assessment (assigments, laboratory, practicals…):	40

BASIC BIBLIOGRAPHY

- Gruber, Jonathan Public Finance and Public Policy, Worth Publishers, 2009
- Stiglitz, Joseph Economics of the Public Sector, Norton and Company , 2002

ADDITIONAL BIBLIOGRAPHY

- Rosen, H y T Gayer Public Finance, McGraw Hill, 2009