

International Public Economics

core course - code 311BE

This course provides basic scientific knowledge of the functioning and the economic significance of the public sector with an emphasis on international aspects.

Contact and Resources:

Arno M. Riedl
office: E6.27A
email: a.m.riedl@uva.nl
phone: (020-)525-4250
office hours: by appointment

Gijs van de Kuilen
office: E6.38
email: g.vandekuilen@uva.nl
phone: (020-)525-4398
office hours: by appointment

Any further information concerning this course will be communicated via “blackboard” at <http://blackboard.ic.uva.nl/>

Literature:

Harvey S. Rosen, *Public Finance*, 7th International Edition, 2005, McGraw-Hill/Irwin: New York.
Reader *International Public Economics*, Edition 2004/2005.

Prerequisites: Knowledge of macro- and, in particular, microeconomics at an introductory level is an absolutely necessary prerequisite. For an indication of the minimally required level of microeconomics see e.g. the textbook *Microeconomics* by Robert S. Pindyck and Daniel L. Rubinfeld. Knowledge of microeconomics at the level of Walter Nicholson’s *Microeconomic Theory* is strongly recommended.

Exam and grading: The final grade will be a combination of the received points in the final exam and the received points for the weekly assignments during the course.

Final exam: The final exam will be a closed book, written exam with open questions which takes three hours. The maximal number of points that can be achieved in the final exam is 79 points.

Assignments: Each week a problem set (that is, a collection of exercises and discussion questions) will be distributed. Generally, it will be posted on blackboard right after the lecture. During the first lecture study groups will be formed. Each study group has to work out answers to these questions, hand them in in written

form at the beginning of the weekly working groups, and present and discuss the solutions in the working group. Each student in a group can achieve up to three points per weekly problem set. Thus, in total each student can make a maximum of 21 points with the help of the weekly assignments. Additionally, each student in the study group with the highest score at the end of the course will receive five bonus points, each student in the study group with the second highest score will receive four bonus points, etc.. If there are groups with the same score the bonus points will be distributed equally across the students in these groups.

The study groups will be formed on the basis of attendance in the first lecture. The allocated points per study group will be based on the worked out solutions of the weekly assignments and its presentation in the weekly working groups.

Grading: Each student can achieve up to 100 points (plus up to 5 bonus points) in total. Up to 79 points come from the written final exam and up to 21 points (plus up to 5 bonus points) from the weekly assignments.

For a positive grade (i.e. a six or higher) 55 points in total are required.

Exemption from participation in the weekly working groups might be granted on the basis of a written inquiry. The inquiry for exemption has to be handed in during the first lecture week at one of the lecturers. Later inquiries will not be accepted. In case an exemption is granted an essay (10 pages) about a topic covered by the course has to be written. With this essay up to 21 points can be earned. There are no bonus points possible in this case. The topic of the essay has to be approved by one of the lecturers.

Important dates and times:

The weekly lectures (hoorcolleges) take place on Mondays at 11:15-13:00.

The weekly working groups (werkcolleges) take place on Wednesdays at 10:15-12:00.

The first lecture (working group) takes place on September 6 (September 8) and the last lecture (working group) takes place on October 18 (October 20).

Lecture rooms are to be announced.

The final written exam is not scheduled, yet. However, it will take place in one of the two weeks immediately after the last lecture week.

Course Outline

- Week 1** Introduction, Governments, Welfare Economics
[Rosen, chs. 1-3, ch. 7 (pp.148-154); Reader, week 1]
- Week 2** Public Goods
[Rosen, ch. 4; Reader, week 2]
- Week 3** Externalities
[Rosen, ch. 5; Reader, week 3]
- Week 4** Political Economy and International Organizations
[Rosen, ch. 6; Reader, week 4]
- Week 5** Income Distribution and Social Security
[Rosen, chs. 7 & 9; Reader, week 5]
- Week 6** Taxation
[Rosen, chs. 12 & 13; Reader, week 6 & 7]
- Week 7** Taxation (cont.), tax competition, and federalism
[Rosen, chs. 12 & 13; Reader, week 6 & 7]