

<u>המחלקה לכלכלה תשע"ז 2017</u>

<u>שם הקורס בעברית</u>: כלכלה ציבורית

שם הקורס באנגלית: Public Economics

<u>מס' קורס: 142-1-0031</u>

<u>שם המרצה:</u> פרופ' מרק גרדשטיין

<u>תיאור הקורס</u>

קורס זה עוסק בתפקידי הממשלה במשק. משקים מודרניים מאופיינים ע"י מעורבות ממשלתית ניכרת בצד הסקטור הפרטי, אך מידת המעורבות וצורותיה הן שונות ומגוונות. הקורס יבחן הן את ההשלכות של מעורבות הממשלה והן את סיבותיה.

<u>לי עזר:</u>

כלי הניתוח של קורסי החובה של שנה ב', תורת המחירים ומאקרו, מהווים בסיס לקורס זה. בחלק מצומצם של הקורס גם אשתמש בכלים אקונומטריים.

בעוד שקיימים מספר ספרי למוד טובים בנושא (באנגלית), אשתמש בעיקר ב:

Stiglitz, J.E., Economics of the Public Sector, Norton (3rd ed).

כ"כ אפשר להיעזר בחומר ההרצאות באתר הבא:

http://eml.berkeley.edu//~saez/course131/course131.html

<u>הדרישות</u>

במהלך הקורס יחולקו כ 5-6 סטים של תרגילים; חלקם יפתרו בכיתה והוו בסיס לבחינה הסופית. ציון הקורס יקבע ע"ס בחינה סופית.

List of Topics for Public Economics

Meeting 1: The state and the economy

- 1. Introduction: stylized facts about the role of state
 - A. The role of state across countries quantitative assessment
 - B. Substantive functions of the state: Legal framework, property rights, public goods, externalities, redistribution
 - C. Historical perspective
- 2. Background philosophies about the role and the organization of state
 - A. Tension between the benevolent view and the "grabbing hand" view
 - B. Information collection

- C. Political control
- D. Hobbesian anarchy and Lockean paradigm
- E. Montesquieu separation of powers, checks and balances, constitutions
- F. K Marx
- 3. Taxonomies of state organizations: political systems' dimension (varieties of democracies, autocracies); power of the state ("failing" states)

Meeting 2: Welfare analysis of competitive markets

- 4. Perfect competition: Adam Smith and Walras; Pareto
 - A. The essence of competition and its assumptions
 - B. Welfarism and efficiency
 - C. Simple illustrations of the welfare theorems (one good case; intro to two-good case)

Meeting 3: Market failures

- 5. Intro to market failures and interpretations (missing markets)
 - A. Externalities and public goods
 - B. Informational issues: moral hazard, adverse selection
 - C. Inequality, poverty, redistribution
- 6. Detailed analysis of public goods

Meeting 4: Government interventions

- 7. Possible solutions to market failures and interpretations
 - A. Pigou's approach: taxes and regulations (state activism)
 - B. Coasean approach (state minimalism)
- 8. Basic ideas of political economy; political processes and procedures: voting, lobbying, interest groups, the media etc

Meeting 5: Majority voting as a toolbox for studying political processes

9. Detailed formal analysis of voting: Condorcet, Black, Arrow; median voter

Meeting 6: Organizations' design, with implications to firm ownership

- 10. Incentives within organizations: principal agent issues
- 11. Implications for ownership, public vs private

Meeting 7. Examples: education

- 12. Education as an example
 - A. Market failures in the provision of education
 - B. Redistributional issues
 - C. Political economy aspects

Meeting 8. Further examples: welfare programs and social insurance

- 13. Welfare programs, social insurance: some figures
- 14. Economic effects
- 15. Social effects (redistribution vs moral hazard)

Meeting 9: Central vs decentralized government

- 16. Fiscal federalism
 - A. Introduction
 - B. Oates: pros and cons of decentralization
 - C. Tiebout's model
 - D. Education provision as an example

Meeting 10: Regulation

- 17. Theories
- 18. Empirics (firms' influence over policies)

Meeting 11: Taxation

- 19. Introduction to taxation
 - A. Volumes of taxes in historical perspective
 - B. Nature of taxes: capital vs labor; corporate vs individual
- 20. Considerations in the design of tax systems: efficiency, equity, administration
- 21. Tax incidence

Meeting 12: Efficiency issues in taxation

- 22. Efficiency effects of taxes
 - A. Labor markets
 - B. Capital markets
 - C. Commodity taxation
- 23. Optimal taxation (Ramsey) and implications
- 24. Tax policy commitment

Meeting 13: Tax administration

- 25. Tax administration and shadow economies
 - A. Some theories
 - B. Data

Meeting 14: Government in macroeconomic perspective

- 26. Deficit financing
 - A. Some theories (Keynes, Ricardo, new Keynesian)
 - B. Empirical implications