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. Redistributational 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