

ECON516400 Public Economics
Spring 2024
Classroom: TSMC (台積館) 832
Time: Tuesday T2T3T4 (9am-12noon, 150-minute lecture)

Instructor: Prof. Hui-chen Wang (王惠貞)
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Public Economics 公共經濟學

Syllabus (Preliminary)

Course Description:

This is a graduate level course on public economics with an emphasis on the expenditure side. The principle objective is to provide an understanding of the role of government intervention in the economy from both a theoretical and an empirical perspective. Students will learn to critically analyze existing studies and produce original research in the field of public economics. Students will also start on the search for potential thesis topics. This course is designated for graduate students in economics; all other students should discuss with the instructor before attempting to take this course.

Referenced Texts

Graduate level

Tresch, Richard W. (2002). *Public Finance: A Normative Theory*, San Diego: Academic Press. 2nd Edition. (Reserved course reference in the library) (The newest edition to date is the 3rd Edition published in 2014; the ebook is available through NTHU library.)

Laffont, J. (1988). *Fundamentals of Public Economics*. Cambridge: MIT Press. (Available through NTHU library)

Myles, G. (1995). *Public Economics*. Cambridge University Press. (The 2001 version available online through this link: [Public Economics.](#))

Undergraduate-level textbooks

Tresch, Richard. (2008). *Public Sector Economics*. New York: Palgrave MacMillan.
Rosen, Harvey S. and Ted Gayer. (2013). *Public Finance*. 10th edition. McGraw-Hill/Irwin. (Reserved course reference in the library)

Other resources

[Ted Bergstrom's Lecture Notes](#)
<http://www.econ.ucsb.edu/~tedb/Courses/UCSBpf/econ230b.html>

Journal Articles: A list of required readings and references will be posted at the beginning of the semester and updated as needed. See below.

Requirements and Grading: There are four sets of requirements for this course:

1. Readings and problem sets (not graded)

The required readings consist of textbook chapters and journal articles. The reading list will be posted on the course **ee**class site and updated as needed. Occasional problem sets will be assigned for your own practices; these problem sets will not be graded nor collected. Other announcement and course related material may be posted on the eeclass course page. Please check on eeclass frequently to remain up to date.

2. **Midterm Examination (35%)**

There will be an in-class midterm examination which is worth 35% of your course grade. The midterm exam is tentatively scheduled for week 10 (April 19).

3. **Critical Review of Assigned Articles (30%)**

Journal articles will be assigned for in-class critical review. For each assigned article, there will be a presenter and a designated discussant, though all students are asked to participate in the discussion. The presentations shall take place in the second half of the semester, and the duty assignment will be determined by week 5.

Presenter duty (25%): The paper presentation should be delivered in Power Point (or equivalent) and 20-30 minutes in length. On/before the day of your presentation, you should provide your presentation slides to professor Wang and all participants in class (hard copies are required in the case of in-classroom learning). You may give your presentation in English or Chinese, but your **presentation slides** must be written in English.

Discussant duty (5%): The discussant should read the paper in advance and give feedback during and/or after the presentation. The feedback may be in the forms of questions, disagreements, suggestions, or supplementary remarks. You will be given five minutes after the presentation to discuss.

4. **Term Paper (35%)**

Each student will write a term paper and present it during the last 2-3 weeks of classes. Your term paper may be an in-depth survey of literature for a topic of your choice, or you may write a research proposal of your own. The final draft of your paper should be 7-10 pages in length excluding references (font size 12, double spaced), and it is due by noon on the Tuesday of week 18 (the final exam week). Every student should schedule a term-paper meeting with professor Wang to discuss your topic and research plan, and the (initial) meeting should be completed no later than week 11.

Regulation on AI Usage

Except for pure translation, student usage of AI is prohibited for all assignments in this course. In the case that AI is used as a translation tool, please keep in mind that translated paragraphs of existing studies should never be directly used in student writing, or it would be considered an act of plagiarism.

Tentative Topic Outlines

1. Introduction
2. Public goods
 - 2.1 *Efficient provision*
 - 2.2 *Voluntary private provision*
 - 2.3 *Provision with asymmetric information*
 - 2.4 *Provision with public choice*
3. Political economy of government
 - 3.1 *Government size and growth*
 - 3.2 *Bureaucrats and elected officials*
 - 3.3 *Role of institutional constraints*
4. Fiscal Federalism Part I – Sorting of people across jurisdictions
 - 4.1 *Theories of local public goods and Jurisdictional competition: Tiebout and Beyond*
 - 4.2 *Empirical evidence*
5. Fiscal federalism Part II -- Sorting of government functions within fiscal hierarchy
 - 5.1 *Optimal fiscal federalism*
 - 5.2 *Tax competition, overlap and exporting*
 - 5.3 *Intergovernmental grants*
6. Government Transfer Programs: Welfare and Redistribution
 - 6.1 Justification for government involvement
 - 6.2 Poverty, inequality and transfer programs in the US
 - 6.3 Program design
 - 6.4 Program evaluation
 - 6.5 Behavioral impacts of transfer programs
7. Social Insurance
 - 7.1 Overview and theory
 - 7.2 Social Security and other policies for the elderly
 - 7.3 Health Provision and Insurance