

# Public Economics

## Syllabus

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The objective of this course is to study the role of state in the economy. It is designed to provide students with a broad overview of issues investigated in public economics. We will review the rational foundations of public intervention and explore some of the tools used by government to act: taxes and transfers, the provision of public goods, or the design of welfare schemes. Most topics will be approached from both theoretical and empirical points of view.

Lectures of this course are inspired from those taught by R. Chetty, G. Fields, N. Gravel, H. Hoynes, and E. Saez.

### Outline

#### **Lecture 1 – Introduction to public economics**

Foundations of public intervention – Normative and positive public economics – Some numbers about public intervention – Empirical methods for public economics

#### **Lecture 2 – Social choice and social welfare**

Axiomatic approach to social choice – Social welfare functions

#### **Lecture 3 – Public goods and externalities**

Public goods – Externalities

#### **Lecture 4 – Taxation of commodities**

Tax incidence – Optimal commodity taxation

#### **Lecture 5 – Taxation of labor**

Optimal labor taxation – Some empirics around labor taxation

#### **Lecture 6 – Taxation of capital**

Taxes in an intertemporal framework – Optimal capital income taxation – Taxation of inheritances

#### **Lecture 7 – Social insurance**

Unemployment insurance and workers' compensation – Disability insurance – Health insurance

### Course materials

Lectures' notes will be posted at the following address: [http://marcsangnier.free.fr/ecopub\\_m1\\_2014-2015.php](http://marcsangnier.free.fr/ecopub_m1_2014-2015.php). Some readings will be posted before lectures at the same address. Login and password necessary to access readings will be given in class during the first session. Past years' exams are available from the following address: [http://marcsangnier.free.fr/teaching\\_en.php](http://marcsangnier.free.fr/teaching_en.php).

## Timing

Sessions will take place in Aix en Provence in room 102 Schuman. Please find below the scheduled timing.

Thursday January 15, 2:30pm–4:30pm  
Friday January 16, 9:00pm–11:00pm  
Thursday January 29, 2:30pm–5:30pm  
Friday January 30, 9:00pm–11:00pm  
Thursday February 5, 2:30pm–5:30pm  
Friday February 6, 9:00pm–11:00pm  
Thursday February 12, 2:30pm–5:30pm  
Friday February 13, 9:00pm–11:00pm  
Thursday February 19, 2:30pm–5:30pm  
Friday February 20, 9:00pm–11:00pm

## Grading

Students will be graded on the basis of a final exam and an optional intermediary exam. The optional exam will last 1.5 hour and is planned on Friday February 13. The scope of the optional exam will include all lectures up to this date. Students who choose to take the optional exam will be graded using the average of both grades if and only if the optional exam's grade is above the final exam's one. Otherwise, they will be graded using the final exam's grade. Students who do not choose to take the optional exam will be graded using the final exam's grade. The final exam will last 1.5 hour and will take place later in the semester. The scope of the final exam will include all lectures.

## Reference handbooks

*Intermediate Public Economics*, by J. Hindriks and G.D. Myles - The MIT Press  
*Public Economics*, by G.D. Myles - Cambridge University Press  
*Lectures on Public Economics*, by A.B. Atkinson and J.E. Stiglitz - McGraw-Hill  
*The Economics of Taxation*, by B. Salanié - The MIT Press  
*Microeconomic Theory*, by A. Mas-Colell, M. Whinston and J. Green - Oxford University Press