

## **COURSE SPECIFICATION DOCUMENT**

**NOTE:** ANY CHANGES TO A CSD MUST GO THROUGH ALL OF THE RELEVANT APPROVAL PROCESSES, INCLUDING AB (FORMERLY LTPC).

<b>Academic School/Department:</b>	Business
<b>Programme:</b>	BA (Hons) Economics with Combined Studies BA (Hons) International and Development Economics BA (Hons) Financial Economics
<b>FHEQ Level:</b>	5
<b>Course Title:</b>	Public Economics
<b>Course Code:</b>	ECN 5200
<b>Course Leader:</b>	Sabine Spangenberg
<b>Student Engagement Hours:</b>	120
Lectures:	45
Seminar / Tutorials:	75
<b>Semester:</b>	Fall/Spring/Summer
<b>Credits:</b>	12 UK CATS credits 6 ECTS credits 3 US credits

### **Course Description:**

This is a course in theoretical and applied public economics using microeconomic theory. The course addresses the theoretical analysis of market failure, public finance, taxation and expenditure systems in modern economies and discusses philosophical issues of economic welfare.

**Prerequisites:** MTH 3111, ECN 4105

### **Aims and Objectives:**

This is a Course in theoretical and applied public economics using microeconomic theory. The Course aims to familiarise students with the scope and concepts of public sector economics. The nature of market failure is investigated and welfare economic postulates are derived. The concepts of efficiency and equity are analysed and issues of public finance, taxation and expenditure systems as well as issues of welfare provision are reflected upon.

### **Learning Outcomes:**

Upon completion of this course, a successful student should be able to

### **Knowledge and Understanding**

1. Demonstrate an in-depth understanding of the key issues in public economics.
2. Formalise welfare axioms.
3. Identify the nature of market failure and contrasts different philosophical strands regarding the role of the public sector.
4. Analyse the comparative advantages and disadvantages of public revenue and spending systems.
5. Critically assess economic policy options that aim at the correction of market failures such as market concentration or negative externalities.
6. Apply public economic models to relevant topics.

### **Subject-Specific Skills:**

1. Make use of abstract, graphical and mathematical methods of analysis.
2. Assess the appropriateness of a theoretical approach to a given situation, and apply appropriate microeconomic models to given scenarios.
3. Communicate the assessment and the limitations of the given models.

### **Other Skills:**

1. Show critical awareness of cost implications of public sector policies.
2. Make use of marginal taxation, revenue and welfare analysis.
3. Interpret incentive structures within the economic framework, linking public economic strategy with desired economic outcomes and expectations.
4. Appraise the limitations of the private sector approach and can use a rigorous analysis to appraise model and system shortcomings.

### **Programme Outcomes:**

A1, A4, A5  
B1, B2, B4  
C1-C8

A detailed list of the programme outcomes are found in the Programme Specification.

This is located at the archive maintained by the Academic Registry and found at:  
<http://www.richmond.ac.uk/programme-and-course-specifications/>

**Indicative Content:**

- Microeconomic Principles
- Market Failure and the Role of the Government
- Social Choice: Efficiency and Equity
- State Intervention and Public Policy
- Public Goods: Fundamentals and Efficiency Considerations
- The Problem of Externalities
- Expenditure Policy and Cost-Benefit Analysis
- Welfare Programs: Rationale and Reform
- Health Care Systems: Comparative Analysis
- Taxation: Introduction and Efficiency
- Types of Taxation and Optimal Taxation
- Fiscal Budget Considerations

**Assessment:**

This course conforms to the Richmond University Assessment Norms approved at Learning and Teaching Policy Committee found at:

<http://www.richmond.ac.uk/content/academic-affairs/academic-standing.aspx>.

**Teaching Methodology:**

The course is taught using a variety of methods including lectures, question sessions, directed and undirected reading, case studies, group work, and discussions.

**Bibliography:**

See syllabus for complete reading list

**Core Text:**

Stiglitz, J.E., Rosengard, J.K. (2015), *Public Sector Economics*, 5<sup>th</sup> edition, New York: W.W. Norton & Company. ISBN: 978-0-393-92522-7

**Supplementary Reading**

Barr, N. (2004) Higher Education Funding, in: *Oxford Review of Economic Policy*, 20(2): 264-283.

Barr, N. A. (2010) *Comment on the Browne Review*, 16.October 2010, accessible via: [http://econ.lse.ac.uk/staff/nb/Barr\\_Browne\\_Review\\_101016.pdf](http://econ.lse.ac.uk/staff/nb/Barr_Browne_Review_101016.pdf).

Barr, N. A. (2012) *Economics of the Welfare State*, 5th ed., Oxford: OUP.

Besley, T. (2003) Welfare Economics and Public Choice, in: Rowley, C. (2003) *Encyclopaedia of Public Choice*, Amsterdam: Kluwer Academic Publishers.

Cahn, S.M. (2014) *Political Philosophy*, 3<sup>rd</sup> edition, New York: OUP USA.

- Cancutt, E. M., Imrohroh, S., Kumar, K.B., (2006) Does the Progressivity of Income Taxes Matter for Human Capital and Growth? in: *The Journal of Public Economic Theory*, 2006( 8) Issue 1: 95-120.
- Cassidy, John (2009), *How Markets Fail. The Logic of Economic Calamity*, London: Allen Lane.
- Congdon W. J., Kling, J.R., Mullainathan, S. (2011) *Policy and Choice. Public Finance through the Lens of Behavioural Economics*, Washington DC: Brookings Institution Press. Freely available to download <http://www.brookings.edu/press/Books/2011/policyandchoice.aspx> .
- Institute for Fiscal Studies (1978) *The Structure and Reform of Direct Taxation*, Report of a Committee chaired by Professor J.E. Meade, London: Allen and Unwin.
- Institute for Fiscal Studies (2009), Adam S., Browne, A., Heady C., *The Mirrlees Review*, Vol.1 Tax by Design, London: Allen and Unwin.
- Ivanova, A., Keen, M., Klemm, A. (2005) The Russian Flat Tax Reform, in: *Economic Policy*, 20 (43): 397-444.
- Jacobs, B., van der Ploeg, F. (2006) Guide to reform of higher education: a European perspective, in *Economic Policy*, 21: 535-592.
- Keenan, D. C., Kim, I., Warren Jr., R.S., (2006) The Private Provision of Public Goods under Uncertainty: A Symmetric Equilibrium Approach, in: *The Journal of Public Economic Theory*, 2006 (8), Issue 5: 863-902.
- Le Grand, J., Propper C., Smith S. (2008) *The Economics of Social Problems*, 4th edition, Basingstoke: Palgrave Macmillan.
- Nozick, R. (1974) *Anarchy State and Utopia*, Oxford: Blackwell.
- Rawls, J., (1972) *A Theory of Justice*, Cambridge, Mass: Belknap Press.
- Rachels, J. (2007), *The Elements of Moral Philosophy*, 6th edition, London: MacGraw Hill.
- Slemrod, J (1990) Optimal Taxation and Optimal Tax Systems, in: *Journal of Economic Perspectives*, Winter: 157-78.
- Stern Review (2006) accessible via: [http://www.equalities.gov.uk/stern\\_review.aspx](http://www.equalities.gov.uk/stern_review.aspx).
- Sunstein, C. R., Thaler, R.H., (2008) *Nudge*, London: Penguin.
- Stiglitz, J, Sen, A., Fitoussi, J.-P., (2009) *The Measurement of Economic Performance and Social Progress Revisited*, accessible via <http://www.stiglitz-sen-fitoussi.fr/documents/overview-eng.pdf> or as Pdf on the course homepage.
- Taylor, G., Hawley, H., (2010) *Key Debates in Health Care*, Maidenhead: McGraw Hill.
- Tresch, R. (2007) *Public Sector Economics*, Basingstoke: Palgrave Macmillan.

Please Note: The core and the reference texts will be reviewed at the time of designing the semester syllabus

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Change Log for this CSD:

Major or Minor Change?	Nature of Change	Date Approved & Approval Body (School or LTPC)	Change Actioned by Academic Registry
Minor	Updated Reading List	School Meeting 18 <sup>th</sup> March 2016	