SEMINAR IN PUBLIC ECONOMICS: EXPENDITURES (ECON 8221-3)

FALL 1997
Time: MW 1:00 - 2:15 pm.
Room: Econ 5

Charles de Bartolome
Office Hours:
Office: Econ 202

COURSE DESCRIPTION:
This course is part of a two-term sequence with Seminar in Public Economics: Taxation. The course describes the theory of government expenditures, stressing market failure as the rationale for government activity. The course describes the normative outcome achieved by a benevolent government, and the positive outcome achieved under rules of collective choice.

The presentation of material stresses mathematical modelling. Students are required to have passed the Microeconomic Principles courses (Econ 7010, 7030).

REQUIRED TEXTS:

RECOMMENDED TEXT:

MIDTERM EXAM: Monday 20 October 7-9:30 pm.

PROBLEM SETS:
Problem sets with answers are given out at the end of each topic. The problem sets are an integral part of the course. They are designed to help you use the material, and a significant part of the exams will be based on them.

COURSE OUTLINE
Attached is a list of topics to be covered and likely dates. The course focuses on the articles marked with an asterisk.
25, 27 Aug, 3 Sept: FUNDAMENTAL WELFARE THEOREMS

General:
*Myles, Chap. 2.
*Starrett, Chap. 3.

8, 10 Sept: PUBLIC GOODS: EFFICIENT PROVISION

General:
*Myles, Chap 9, Sections 1, 2, 3, 6
*Starrett, Chap. 4.1 and 4.2.

First-best:

Second-best:

Time-consistency

15, 17 Sept: PRIVATE PROVISION OF A PUBLIC GOOD

General:
*Myles, Chap. 9, Section 5.

Experiment:
Non-rival and non-excludable:

Non-rival and excludable:

22, 24, 29 Sept, 1 Oct: COST-BENEFIT ANALYSIS

General:
*Starrett, Chap. 9 and 10.

6, 8, 13 Oct: GOVERNMENT DECISION-MAKING

Full information:
General:

Voting: normative evaluation:

Voting: empirical

Impossibility theorem:

Incomplete information:
General:
15 Oct: EXTERNALITIES

General:
*Myles, Chapter 10.
*Starrett, Section 5.1, 5.2.

Property rights and bargaining:

Experiment:

20 Oct: EXAM

22, 27, 29 Oct, 3 Nov: EXTERNALITIES (CONTINUED)

Pigou Taxes

Quantity effects:

Empirical application:

Quantity regulation with uncertainty:
5, 10 Nov: CLUBS

General:
*Starrett, Sections 4.3, 4.4, 4.5, 4.6,


12, 17, 19, 24 Nov: LOCAL PUBLIC GOVERNMENT

General:
*Starrett, Sections 5.3, 5.4, 11.1, 11.2 and 11.3.

Basic model:

Empirical:


Zoning:

Full model:

Land rents:

**Regional aid:**

**Redistribution:**

1, 3 Dec: INCOMPLETE INFORMATION - MORAL HAZARD.

**General:**

**Pensions:**

**Wage structures:**

8, 10 Dec: INCOMPLETE INFORMATION - ADVERSE SELECTION.

**Insurance:**

**Non-existence of product equilibrium:**

**Signalling:**

**Transfer policy:**