

ECONOMICS
Course 602: Public Economics II
Winter 2017-18

Instructor: Ram Singh

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Contact Hours: Tuesday 2.30-5.30pm; Friday 2.30-5.30pm

Course Description

This course covers several core topics in Public Economics including Externality and remedial measures; Taxation, Public goods and related issues. In addition, it includes topics pertaining to the procurement of Public Goods and the incentive structure in Public Organization. Here the focus will be on Procurement Contracts for provisions of Public goods; Public Private Partnerships; and Comparative analysis of incentive structure in Public Organization versus Private Organizations. The reading material and classroom lectures will make use of mathematical tools of economic analysis, especially the optimization techniques, and the basic results from the game-theory. The course outline is as follows:

1. **Externality:** Nature of the Problem; Bilateral versus Unilateral Externality; Remedial Measures - Tax, Liability, and Regulation; Coase Theorem; Ex-ante Regulation versus Ex-Post Liability; Price versus Quantity Regulation; Externality and Land Use Regulations.
2. **Taxation:** Direct Tax, Optimal Taxation; Property and Wealth Taxes; Stamp-Duty Tax; Indirect Tax and Goods and Services Tax; Tax administration; Tax Evasion and Black Income.
3. **Land Markets:** Market in land property, Anti-commons and Land Assembly Problem; Compensation-Efficiency Paradox; Economics and Politics of Land Acquisition; Land use regulations; Theories of neighborhood development
4. **Public Goods and Public Procurement:** Public Goods; Public versus Private Provisions; Public versus Private Investment; Procurement Contracts; Public Private Partnerships (PPPs) versus Privatization; Risk allocation and Moral Hazard; Incentives and Outcomes under PPP Contracts
5. **Public versus Private Organization:** Incentives in Private and Public versus Private organizations; Bureaucrats versus Managers; Multi-tasks, etc.

Readings: We will make use of select chapters from the following books:

Stiglitz, J. and Rosengard, J. (2015) *Economics of the Public Sector*, 4th edition, W. W. Norton and Company.

Atkinson, A. and Stiglitz, J. (2015), *Lectures on Public Economics*, McGraw-Hill; reprinted by Princeton University Press.

Mirrlees, James et al. (2011). *Tax by Design*, Oxford University Press. Available at <https://www.ifs.org.uk/publications/5353>

Miceli, Thomas J.(2012) *The Economic Theory of Eminent Domain: Private Property, Public Use*, 1st Edition. Cambridge University Press.

Feldman, Allan M. and Serrano, Roberto (2005). *Welfare Economics and Social Choice Theory* (2nd Edition), Springer, New York, USA.

Apart from these books, we will use journal articles. The relevant readings will be assigned ahead of each lecture.

Exams and Grading: Either a Mid-term Exam or a Term-paper, each worth 30 marks. The Final Exam worth 70 marks. If needed there can be a make-up exam for the Mid-term exam. However, it will be held the same day as the Final exam and will cover the entire syllabus.

NOTE: If you have special requirement as student in this course, do let me know and I will try my best to accommodate.