





This learning unit is not open to incoming exchange students!

Teacher(s)	Hindriks Jean ;
Language :	English
Place of the course	Louvain-la-Neuve
Main themes	Part 1 Political economy and public sector 1. Voting 2. Rent seeking and lobbying Part 2 Equity and Redistribution 3. Inequality and poverty Part 3 Taxation 4. Commodity taxation 5. Income taxation Part 4 Multiple jurisdictions 6. Fiscal federalism 7. tax competition Part 5 Issue of time 8. Intertemporal efficiency 9. Social security and pension crisis
Learning outcomes	<p>At the end of this learning unit, the student is able to :</p> <p>This course is essentially an evaluation of the role of the public sector in a market economy. The course will use the most recent economic analysis to (re)consider the efficiency and distributive effects of government intervention. The optimal design of government intervention both in terms of public expenditures and tax collection is also studied. The main objective of the course is to strike a balance between political and market failures in determining the form and the extent of government intervention. Students taking this course will acquire: 1 An understanding of the design of public spending and tax collection; 2 An understanding of the tradeoff between equity and efficiency 3 The skill to apply economic analysis to the public sector</p>
Evaluation methods	Final grade is based on a closed book written exam (60%), group work (25%) and tutorials (15%).
Teaching methods	Teaching is by one two-hour lecture every week which will present the core material. Fortnightly tutorials will consist in solving problems. This should help to develop students' skill and agility in public economics as well as to check their understanding of the course. The course is divided in two parts. In part 1 we analyse the method of public economics, behavioral public policy, Tax incidence with application to electricity tax and soda tax, Rent seeking and lobbying, and sustainable debt. Part 1 will conclude with a group work. In part 2, we study intergenerational public policy with two applications: pensions and education. We study the pension in theory and the pension reform in practice. We discuss different measures of social mobility and inequality in education. We relate unequal school opportunity to intergenerational income transmission. The Part 2 concludes with a group work on pension reform for a specific country.
Content	<p>Public economics is about the government and the economic effects of its public policies. The course will offer some insights into what public economics says and what it can do including the most recent developments in behavioural public policy to deal with individual mistakes and the data revolution to track the impact of public policy with application to recent tax reforms on soda drink and electricity market. On the policy side the course will discuss the pension crisis (using the professor's experience in the pension reform commission) and the unequal opportunity in education (based on the PISA tests).</p> <p>This course is essentially an evaluation of the role of the public sector in a market economy. The course will use the most recent economic analysis to (re)consider the efficiency and distributive effects of public intervention in the economy. The optimal design of public intervention with special attention to implementation and politics.</p>
Bibliography	<p><u>Public economics:</u> Hindriks and Myles " Intermediate Public Economics " MIT Press 2006 Hashimzade, Hindriks, and Myles "Solutions manual to Accompany Intermediate Public Economics" MIT press 2006.</p> <p><u>Political economy:</u> Bueno de Mesquita, Political Economy for Public Policy, Princeton University Press 2016 Dowling, Patashnik, and Gerber, Unhealthy Politics, Princeton University Press 2017</p> <p><u>General interest:</u> Banerjee and Duflo, "Good Economics for Hard Times" Public affairs, November 2019.</p>
Other infos	Students can choose to register to only Part 1 (first term of Q2) or Part 2 (second term of Q2).
Faculty or entity in charge	ECON

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Learning outcomes
Master [120] in Economics: Econometrics	ETRI2M	5		
Master [60] in Economics : General	ECON2M1	5		
Master [120] in Economics: General	ECON2M	5		
Master [120] in Agriculture and Bio-industries	SAIV2M	5		