

Seminar: Theoretical Advances in Public Economics

Contents

In this seminar, we will deepen our understanding of fundamental theories of public economics. Public economics is the study of government policy focusing on economic efficiency and equity. The topics we discuss in the seminar span a wide range of issues, including optimal taxation in first- and second-best environments, the regulation of externalities, the regulation of natural monopolies, social policy, fiscal federalism, and international public finance. In all topics, theoretical models are used to analyze economic and social problems.

Structure

In the kick-off session, each student will choose one of the available topics. The content of the topics will be presented and discussed in group meetings in the second half of the semester. Students are expected to write a short seminar paper, which has to be submitted before the presentations. The final grade will depend on the presentation, the written seminar paper, as well as on active participation during discussions.

All topics are covered in this book: Richard Tresch (2023). Public Finance. A Normative Theory, Academic Press: London et al. (available also as an e-book via the OVGU library)

Kickoff Meeting: tba

Presentations: second half of the semester (exact dates: tba),

Submission of seminar papers: tba (via elearning)

Topics

1. Externalities
2. Applying Externality Theory: Global Warming
3. The Theory of Decreasing Cost Production
4. First-Best Principles of Taxation
5. Second-Best Theory of Taxation: One-Consumer Economy with Linear Production Technology
6. Second-Best Theory of Taxation: Many Consumers, General Production Technology
7. Taxation Under Asymmetric Information
8. Transfer Payments and Private Information
9. Pension Insurance
10. Externalities in a Second-Best Environment
11. Fiscal Federalism
12. International Public Finance