

PUBLIC ECONOMICS

Winter Semester 2014/2015

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Office Hours: Thursday 16-17 or by appointment

General Information

Course Website: <https://sites.google.com/site/hitoshitsujiyama/teaching>

Time and Location: Thursday, 10-12 at HZ12, 14-16 at HoF E.20 (Cas1.801 for Oct 30)

Language: English

Course Description

This course focuses on the role of the government in the economy. The aim is to provide an understanding of the reasons for government intervention in the economy, analyzing the benefits of possible government policies, and the response of economic agents to the government's actions. The course covers tax policy and inequality, social insurance programs and public goods. It also covers some issues regarding social preferences if time allows. Special emphasis is on current policy issues such as social security reform and income inequality.

This is a Master level course for students of MMF, MIEEP or MSQE programs. Students with an interest in public finance, public policy and inequality are recommended to take this course. Enrollees should be comfortable with multivariate calculus and basic economic concepts.

Course Material

Reading: Lecture notes

Optional Reading: Jonathan Gruber, "Public Finance and Public Policy", 4th edition, 2012

Other readings: Can be found in each lecture note

Grading

Final Exam (100%)

The exam will be based on both conceptual understanding of ideas taught in lectures and solving mathematical problems related to those covered in classes. Note that the lecture notes are not comprehensive and not self-explanatory, so attending the lectures will be critical.

Course Outline

1. Introduction to public economics and review of tools
 - What is public economics?
 - When and why should the government intervene in the economy?
 - Review of theoretical and empirical tools used in the course
2. Taxation and redistribution
 - Background and tax incidence
 - Efficiency cost of taxation
 - Labor income taxes and transfers
 - Capital income taxation
3. Social Insurance
 - Social Security
 - Unemployment insurance
 - Health insurance
4. Role of the government
 - Externalities
 - Public Goods
5. Social preferences and redistribution