

Course program

Course title: Public Economics	Neptun code: GTGVÖ400A
	Course type: Elective
Name and position of course coordinator: Zoltán Bartha, associate professor	
Name(s) and position(s) of teaching assistant(s): -	
Suggested semester: 3 rd (Autumn)	Prerequisite course(s): -
Weekly lecture+seminar hours: 2+0	Evaluation method: three-scale exam
Credits: 3	Study format: full time and part time
<p>Course objectives: The main objective of the course is to show and teach students how they can use formalised mathematical models to highlight every day economic policy problems. After discussing the best known models of public economics during the classes, students will be able to put forward their own economic policy suggestions and recommendations.</p>	
<p>Course content and structure: Economics and the wealth of nations First welfare theorem, and the efficiency of resource allocation Externalities, and the Nash equilibrium of public decisions The role of government in taking care of externalities: regulating, taxing and nationalising Capturing the state: De Soto effect The Arrow theorem, and the rules of political decisions: majority rules in decision making Agent-principal problem, the role of courts in keeping the contracts The normative and positive approach of government's role. The problem of optimal taxation Good governance and social capital: institutional possibility frontier Social capital and civic culture: differences and similarities</p>	
<p>Evaluation method: Student performance is assessed in a three-scale system (fail, pass, pass with distinction); the evaluation is based on the level of class participation (taking part in class discussions) and a final essay, the topic of which is agreed with the instructor in advance.</p> <p>Course assignments: The topic of the essay should be a real life problem that is in line with the research topic of the student, and the essay should elaborate on how the model(s) of public economics can be used to formalise that problem.</p> <p>Course point distribution, examination format: 0-50%: fail; 51-80%: pass; 81-100% pass with distinction Points can be accumulated with class discussion (50) and the writing of a final essay (50).</p>	
<p>Required reading: Jean Hindriks, Gareth D. Myles: Intermediate Public Economics, second edition. MIT Press, 2013. Arye L. Hillman: Public Finance and Public Policy: Responsibilities and Limitations of Government. Cambridge University Press, 2003. Hernando De Soto: The Other Path. Basic Books, 1989.</p> <p>Suggested reading: O. Hart, A. Shleifer, R. Vishny, The Proper Scope of Government: Theory and an Application to Prisons, Quarterly Journal of Economics, 112 (4), 1997, PP. 1126-1161. E. Glaeser, A. Shleifer, The Rise of the Regulatory State, <i>Journal of Economic Literature</i>, 41(2), 2003, PP. 401-425</p>	

M. McGuire and M. Olson, The Economics of Autocracy and Majority Rule: The Invisible Hand and the Use of Force, *Journal of Economic Literature*, 34 (1), 1996, pp. 72-96
C. Prendergast, The Limits of Bureaucratic Efficiency. *Journal of Political Economy*, Vol. 111(5), 2003, pp. 929-958
A. Shleifer, R. Vishny. Corruption. *Quarterly Journal of Economics*, 108(3), 1993, pp. 599-617.