

COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Public economics	VIEK3126

Lecturer(s)	Department(s) where the course unit (module) is delivered
Coordinators: dr. Raimondas Kuodis	Institute of International Relations and Political Science

Study cycle	Type of the course unit (module)
First cycle	Elective

Mode of delivery	Period when the course unit (module) is delivered	Language(s) of instruction
Lectures, seminars, self study	7 semester	Lithuanian

Requirements for students	
Prerequisites: None	Additional requirements (if any): None

Course (module) volume in credits	Total student's workload	Contact hours	Self-study hours
5	130	32	98

Purpose of the course unit (module): programme competences to be developed		
<p>The purpose of this course is to provide students with knowledge of the reasoning behind state intervention into economy in case of market failures, to equip them with skills to analyze the problems of economic inequality, economic efficiency, issues arising when launching major public expenditure programs, etc.</p> <p>This course aims to develop subject specific competences, such as the ability to explain and apply theories of public expenditure and taxation, ability to interpret problems of inequality and economic efficiency, ability to list the main methods of tax evasion; also generic competences: ability to evaluate information critically, ability to analyze academic literature and present findings in a coherent manner.</p>		
Learning outcomes of the course unit (module)	Teaching and learning methods	Assessment methods
Will be able to understand theories of public expenditure and taxation	Face-to-face lectures, discussions	Assessment of work during seminars
Will be able to interpret problems of inequality and economic efficiency	Independent reading , exam	Assessment of exam
Will be able to understand and explain market efficiency, failures and equality	Research methods (texts analysis, case study analysis)	Assessment of case study (essay)

Content: breakdown of the topics	Contact hours				Self-study work: time and assignments	
	Lectures	Tutorials	Seminars	Contact hours	Self-study hours	Assignments
1. Introduction to the public sector economy. The public sector in a mixed economy	1		1	2	5	Compulsory reading and analysis of: Stiglitz, J. (2000) Economics of the Public Sector, W.W. Norton, p. 21-56
2. The overview of the public sector in the developed countries and Lithuania	1		1	2	6	Compulsory reading and analysis of: Ch. Pollit, Public Sector, Private Sector – Where Would We Be without a Few Good Stereotypes? // The Essential Public Manager, Open University Press, 2003 (Reprinted 2011), p.1-25 M. Hill, The Public Policy Process, Longman: 2009

						(5th ed.), p. 215-233
3. The basics of Welfare Economics. Market efficiency	1		1	2	6	Compulsory reading and analysis of: Friedman, L.S. (2002) <i>The Microeconomics of Public Policy Analysis</i> , Princeton University Press, p. 10-25; 43-60; 98-105
4. Market failures Efficiency and equality	1		1	2	5	Compulsory reading and analysis of: Rosen, H. (2005) <i>Public Finance</i> , McGraw-Hill, p. 23-45; 223-240
5. Theory of public expenditure The public goods and publicly provided private goods	1		1	2	5	Compulsory reading and analysis of: Barr, N. (1998) <i>The Economics of the Welfare State</i> , Oxford University Press, p. 35-75
6 The public choice. The public production and bureaucracy	1		1	2	5	Compulsory reading and analysis of: Viscusi, K.W. et al. (2000) <i>Economics of Regulation and Antitrust</i> , The MIT Press, p. 25-40; 68-84
7. The external effects and environment	1		1	2	4	Compulsory reading and analysis of: Lucas, R.E., "Why doesn't Capital Flow from Rich to Poor Countries?", <i>The American Economic Review</i> , vol. 80, no. 2, May 1990, p. 92-96 Gao, X., Asami, Y., "The external effects of local attributes on living environment in detached residential blocks in Tokyo", <i>Urban studies</i> , vol. 38, no 3, March 2001, p. 487-505
8. Tax expenditure programs The expenditure policy analysis	1		1	2	7	Compulsory reading and analysis of: Hillman, A.L. (2003) <i>Public Finance and Public Policy: Responsibilities and Limitations of Government</i> , Cambridge University Press, p. 563-590; 655-678; 697-705
9. The cost-benefit analysis. The social insurance (security) system. Pension economics	1		1	2	6	Compulsory reading and analysis of: Myles, G.D. (1995) <i>Public Economics</i> , Cambridge University Press, p. 31-34; 44-62 Hillman, A.L. (2003) <i>Public Finance and Public Policy: Responsibilities and Limitations of Government</i> , Cambridge University Press, p. 345-358; 385-397
10. Theory of taxation Introduction to taxation	1		1	2	5	Compulsory reading and analysis of: Atkinson, A.B., Stiglitz J.E. (1980) <i>Lectures on Public Economics</i> , McGraw-Hill, p. 75- 83; 120-135; 178-185
11. The burden of taxation	1		1	2	4	Compulsory reading and analysis of: Hines Jr., J.R., "Excess Burden of Taxation", Office of tax policy research, product no. WP 2007-1, May 31, 2007, p.1-6 W. Drechsler, <i>The Rise and Demise of the New Public Management // Post-autisticEconomics Review</i> , 2005, No. 33, p. 1-9.
12. Taxation and economic efficiency	1		1	2	9	Compulsory reading and analysis of: Auerbach A.J., Hines Jr., J.R., <i>Taxation and Economic Efficiency</i> , February 2001, p.15-95 http://emlab.berkeley.edu/users/auerbach/ftp/ebot.pdf
13. Optimal taxation	1		1	2	4	Compulsory reading and analysis of: Erosa, A., Gervais, M., "Optimal taxation in life-cycle economies", <i>Journal of Economic Theory</i> , vol 105, issue 2, August 2002, p. 338-369
14. The taxation of capital. The main methods of tax evasion	1		1	2	7	Compulsory reading and analysis of: Auerbach, A.J., "Taxation and Capital Spending", research paper, University of California, Berkeley and NBER, September, 2005, p. 18 Hasseldine, J., Li, Zh., "More tax evasion research required in new millennium", <i>Crime, Law and Social Change</i> , Vol. 31, Issue 2, 1999, p. 91-104 P. Schyns and Ch. Koop, <i>Political Distrust and Social</i>

						Capital in Europe and the USA // Social Indicators Research, 2010, No. 96, p. 145-167
Case study		4		4	20	Analysis of case study
Total	14	4	14	32	98	

Assessment strategy	Weight, %	Deadline	Assessment criteria
Evaluation of work during the seminars	20%	Throughout the semester	Active participation in seminars (5%), Essential and relevant comments (5%), Ability to refer to assigned academic literature (5%), Critical thinking and ponderable argumentation (5%)
Exam	50%	During session time	Comprehensiveness of the answers (15 %) Ability to base the answers on the academic literature that was provided throughout the course (15%) Critical analytical thinking (15%) Style: clearness, consistency, academic vocabulary (5%)
Case study (essay)	30%	End of semester	Ability to employ theories and methods discussed throughout the course (10%), Depth of analysis (10%); Ability to present results in an appropriate coherent form (5%) Correspondence to methodological requirements (5%)

Author	Year of publication	Title	Issue of a periodical or volume of a publication	Publishing place and house or web link
Compulsory reading				
Atkinson, A.B., Stiglitz J.E.	1980	Lectures on Public Economics,		McGraw-Hill
Auerbach A.J., Hines Jr., J.R.	February 2001	Taxation and Economic Efficiency		http://emlab.berkeley.edu/users/auerbach/ftp/e bot.pdf
Auerbach, A.J.	September, 2005	Taxation and Capital Spending	research paper	University of California, Berkeley and NBER
Barr, N.	1998	The Economics of the Welfare State		Oxford University Press
Erosa, A., Gervais, M.	August 2002	Optimal taxation in life-cycle economies	Journal of Economic Theory, Vol. 105, Issue 2	
Friedman, L.S.	2002	The Microeconomics of Public Policy Analysis		Princeton University Press
Gao, X., Asami, Y.	March 2001	The external effects of local attributes on living environment in detached residential blocks in Tokyo	Urban studies, vol. 38, no 3	
Hasseldine, J., Li, Zh.	1999	More tax evasion research required in new millennium	Crime, Law and Social Change, Vol. 31, Issue 2	
Hill, M.	2009	The Public Policy Process	5th ed.	Longman
Hillman, A.L.	2003	Public Finance and Public Policy: Responsibilities and Limitations of Government		Cambridge University Press
Hines Jr., J.R.	May 31, 2007	Excess Burden of Taxation	Product no. WP 2007-1	Office of tax policy research
Lucas, R.E.	May 1990	Why doesn't Capital Flow from Rich to Poor Countries?	The American Economic Review, vol. 80, no. 2	

Myles, G.D.	1995	Public Economics		Cambridge University Press
Pollit, Ch.	2003(Reprinted 2011)	Public Sector, Private Sector – Where Would We Be without a Few Good Stereotypes?	The Essential Public Manager	Open University Press
Rosen, H.	2005	Public Finance		McGraw-Hill
Schyns, P. and Ch. Koop	2010	Distrust and Social Capital in Europe and the USA	No. 96	Social Indicators Research
Stiglitz, J.	2000	Economics of the Public Sector		W.W. Norton
Viscusi, K.W. et al.	2000	Economics of Regulation and Antitrust		The MIT Press
Optional reading				
Auerbach, A.J., Feldstein, M. (eds.)	1985-2002	Handbook of Public Economics	Vols. 1-4	North-Holland.
Andersson, F., Forslid, R.	March 2003	Tax Competition and Economic Geography	Journal of Public Economic Theory, Vol. 5, Issue 2	Blackwell Publishing Inc.
Bromley, D.W.	1991	Environment and economy: property rights and public policy		ISBN 1-55786-087-4