

INTERNATIONAL UNIVERSITY OF JAPAN
Graduate School of International Relations

Academic Year: 2013/2014

Term: Winter

Course	Course code ADC6540	Course title Public Sector Economics	
Name of Instructor			Credit Number:
Instructor's contact Information	Office# 510	Office Hours	E-mail: kato@iuj.ac.jp
Class Schedule Day / Time	TBA		

Course Description:

Learning Objectives:

The aims of this course are to introduce students basic concepts of public sector economics, particularly paying more attention to the role of the public sector in the market economy in the context of microeconomics. This course could thus be considered as an opportunity to apply microeconomics for several practical issues related to the public sector, and students would realize how much their understanding of microeconomics helps them evaluate many issues related to the public sector in practice. Issues related to macroeconomics such as macroeconomic public policy, government deficits, social security, economic growth, and intergenerational transfer/tax programs will be covered in Public Finance taught in the autumn term, and the public sector will be discussed in the context of microeconomics in this course.

Career Relevance: In particular, students from the government sector, they could apply several theories and framework to the workplace. They will learn:

- 1) Why/When is the market the best?
- 2) When does the market fail to result in the best situation?
- 3) When/how can the public sector compensate for the market failure?
- 4) How can we evaluate the effect of public sector activities on our society in terms of economics?

- 5) What is the difference in goods provided between by the public sector and by the private sector?
- 6) What happens if a private market does not exist for a particular good?
- 7) Who eventually pays a tax?
- 8) Is taxation good in terms of economic efficiency?

Course Context or Rationalization: In this course, Students are going to study key issues related to the public sector, so that they can apply several theoretical theories and methods to actual problems in the public sector.

Delivery Methods: Lectures, exercises and discussions will be given.

Assessment: Two written exams (midterm and final) only.

Prerequisite: Basic microeconomics

Textbook(s)

Required: No required textbook

Reference books/Journal Articles:

Salanie, Bernard, *The Economics of Taxation*, MIT Press, 2003, (ISBN: 0-262-19486-4)

Stiglitz, Joseph E., *Economics of the Public Sector: 3rd Edition*, Norton, 2000 (ISBN: 0-393-96651-8)

Myles, Gareth D., *Public Economics*, Cambridge University Press, 1995 (ISBN: 0-521-49721-3 (hard), 0-521-49769-8 (paper))

Boadway, Robin W. and Neil Bruce, *Welfare Economics*, Blackwell, 1984 (ISBN: 0-631-13327-5 (paper))

Class Outline

The chapters in the above books students should read will be referred in advance.

Class 1: Introduction: The Public Sector in a Mixed Economy

Class 2: Welfare Economics I: Why/When is the market the best? (**Market Efficiency**)

Class 3: Welfare Economics II: When does the market fail to result in the best situation and when/how can the public sector compensate for the market failure? (**Market Failure and Public Provision**)

Class 4: Welfare Economics III: How can we evaluate the effect of public sector activities on our society in terms of economics? (**The Measurement of Welfare Change**)

Class 5: Public Expenditure I: What is the difference in goods provided by the public sector and the private sector? (**Public Goods and Publicly Provided**)

	<p>Private Goods)</p> <p>Class 6: Public Expenditure II: What happens if a private market does not exist for a particular good? (Externality)</p> <p>Class 7: Public Expenditure III: Health Care, Defense, and Education</p> <p>Class 8: Taxation I: Who eventually pays a tax? (Tax Incidence)</p> <p>Class 9: Taxation II: Is taxation good in terms of economic efficiency? (Taxation and Economic Efficiency)</p> <p>Class 10: Taxation III: Several Taxes</p>
Others (if any)	