Rethinking Public Economics

Content: This course offers a fresh perspective on Public Economics by asking how Behavioral Economics promotes our knowledge of Public Economics.

Public Economics traditionally addresses issues like government taxation and spending and efficiency-based reasons for government intervention. In a broader perspective, public economics also covers all aspects of public policy and political economy. Behavioral Economics incorporates insights psychology and other neighboring disciplines in the social sciences into economics to make economics a more powerful science of human behavior.

Method: Students present and discuss recent research in behavioral public economics in class. They also provide short papers which summarize and critically reflect on selected recent research.

Aim: Students learn to be critical consumers of current research in behavioral economics. Students learn to contrast the empirical and theoretical findings in behavioral economics with conventional approaches and results in selected topics of public economics. Students critically reflect on the challenges for theory and policy applications of conventional public economics. The course provides ample opportunity for students to foster their presentation, writing and debating skills.

Requirements: Participants need to have taken an introduction to Public Economics, for example my lecture “Grundzüge der Finanzwissenschaft”.

Organization: Depending on the number of participants, students will present and discuss papers individually or in work groups (max. 3 students). Students working in groups are individually graded insofar as their individual performance can be clearly assessed. Otherwise, all students in a group get the same grade. We determine the “Group in Charge” for each paper/topic in the first session. It is therefore imperative to participate in the first session where I briefly summarize the papers and students pick which ones to present. Students who cannot (for a good reason) participate in the first session should send me an e-mail naming at least three papers from the reading list which they are committed to present one week before the first session.

Grading: Successful students earn 8 ECTS credits. Each part i) to iv) below is graded on a scale 1 to 5 and the final grade is the weighted average of these grades using the weights indicated below.

i) Present. The Group in Charge presents the paper or topic of the day in about 30’ and answers questions for clarification by the participants and the instructor (about 15’). Send me your slides by e-mail. Deadline: 1 pm on the day of the presentation (40% of final grade). See guidelines on my webpage.

ii) Guide the discussion. The Group in Charge prepares questions for discussion. Send me a sheet (max. 1 page) with questions for discussion on the topic of the day (by e-mail, deadline: 1 pm on the day of the presentation) and distribute copies to students in class. Group in Charge leads/navigates the discussion. Note that we may discuss a (long, interesting or difficult) paper on more than one session. (20% of final grade).
iii) Submit questions. Each student submits questions for discussion to at least one topic we discuss in class (max. 3 questions per topic). Best grade counts. Briefly comment on your question (i.e. provide a short motivation for why the question may be relevant or interesting to discuss, max. 1 page per question). Deadline: 24 hours before the day of the respective seminar, by e-mail to me (30% of final grade). I will forward the question to the Group in Charge. See guidelines on my webpage.

iv) Discuss. Grading is also based on active participation. Students must not miss more than two sessions else they are graded “fail” on this part (10% of final grade).

**Times and places**

The course starts October 7, ends January 28, 2014.

Mondays 16:15-18:00 (HS 3, ground floor)

Tuesdays 16:15-18:00 (Oct. 8 - Nov. 19 & Dec. 17: HS 9, 1st floor; all other Tuesdays, i.e. Nov. 26 - Dec. 10 & Jan. 7 - 28, HS 10

**Week**

40       no class
41       Mon & Tues: Introduction, organization and selection of topics (Tyran)
42       Mon & Tues: Hindriks & Myles, Ch. 3 (Tyran)
43       Mon & Tues: discussion in class
44       Mon & Tues: discussion in class
45       Mon & Tues: discussion in class
46       Mon & Tues: no class
47       Mon & Tues: discussion in class
48       Mon & Tues: discussion in class
49       Mon & Tues: discussion in class
50       Mon & Tues: discussion in class
51/52/1  no class
2        Mon & Tues: no class
3        Mon & Tues: discussion in class
4        Mon & Tues: discussion in class
5        Mon & Tues: discussion in class

**General references**

(These textbook treatments serve as a general reference and cannot be chosen by students for presentation)


Readings

Motivations for voting

Discrimination

Institutions and Moral Behavior
Motives for redistribution


Salience and Taxation


Tax compliance and tax evasion

