6.4   PUBLIC SECTOR ECONOMICS

Course name	Public Sector Economics for ECO
Course code	30L209
Number of credits	6 ECTS
Coordinator	Prof. Dr. H.A.A. Verbon
Language of instruction	English

Lecturers
- Prof. dr. E.H.M. Ponds. (EP)
  - room K 430
  - no open office hours: meeting upon request
  - contact: e.h.m.ponds@tilburguniversity.edu
- Prof. dr. H.A.A. Verbon (HV)
  - room K319
  - no open office hours: meeting upon request
  - contact: h.a.a.verbon@uvt.nl

Description of the course
This course builds upon the course Microeconomics 2 (welfare economics) and Macroeconomics 3 (dynamic models and policy). We will start with a discussion of the effects of the existence of different government levels within a country or the existence of different states in a federation that have some sovereignty on specific policy areas. We discuss how autonomous state policy can lead to spillovers for other states. In particular, we discuss this within the context of migration and the sovereign debt crisis in the EU (weeks 1-5). Then we have a detailed explanation of how government intervention can improve upon market outcomes by introducing social insurance systems. This leads us to a discussion of public pensions (week 6-9) and health insurance (weeks 10-13). This last part of the class about health insurance also builds upon Microeconomics 4 (information economics) which is taught in the same semester.

Course format
Instruction language: English

During the lectures the economic concepts will be introduced and explained. The tutorials are meant to apply these concepts to exercises and real-world problems. Solving specific problem sets and interpreting results is a large part of the material. About four times students (working in teams) have to hand in their homework which will be graded. Finally, there will be pro-con debates about timely policy issues, such as pension or health insurance reform, or the EU debt crisis. These debates will be graded.

Literature
Most of the material is supplied in the form of lecture notes. But, some of you might want to consult the Hindriks and Myles book for additional reading on the same topics.
- Jean Hindriks and Gareth D. Myles, Intermediate Public Economics, The MIT Press, 2006 (a limited part only, available as an ebook at the University library).
- Papers (will be announced on Blackboard)

Detailed description of the tutorial
In the tutorial, we will work on problems that deepen or extend your understanding of the material from the lectures. It is advisable to prepare the problems presented in the tutorial in

advance. From the schedule you can derive for all weeks which exercises are being planned to work on in class (but changes in the schedule might occur). Students will be working in teams of about three students. We recommend you to prepare the exercises, which will be discussed and extended during the tutorial, with your team mates. Different work forms are used. Sometimes, you get the chance to work (further) on the exercises in class while the teacher is available to help you ("guided problem solving"). But, in some cases exercises will be solved with the whole class in an interactive form ("collective problem solving"). In both cases it is essential to prepare the exercises at home so that we can proceed quickly with the exercises. About four times all groups, however, have to submit their solutions and a grade will be awarded. This grade will contribute to the participation grade. Notice that our general rule is that solutions to exercises will **not** be posted on Blackboard. So, convince yourself that you have the right answers to the exercises solved in class. If in doubt, you should consult the teacher during class hours.

In addition, every group will be asked to give a presentation, followed by a debate, on a policy problem related to the course, e.g., on how to solve the debt crisis, or on pension reform in a particular country. Before the presentation, the group has to hand in a three-page summary, motivating its position on the issue. This summary is typically based on some desk based research into the topic, using news paper articles, journal papers, or network sites dealing with the topic. The presentation contributes to the participation grade. Two groups will be asked to prepare a summary and a presentation where the two groups are supposed to take opposite positions in the debate. Some students will be asked to evaluate the debate of the groups. They will get a checklist to guide them in this evaluation. The grade for this task is composed of an assessment of the quality of the presentation, the debate and the paper. After the debate you get a chance to improve upon your paper, if needed.

Attendance of these debate classes is mandatory for everyone. In case of non-attendance at a debate class that you are not presenting, your participation grade will be reduced by 0.5 point per case. In case you are not present when your team has to debate, the reduction will be by 1.5 point. The other tutorials as well as the lectures are not mandatory. However, it can help you to upgrade your participation grade if you attend the tutorials and actively participate in discussions.

Examination and grading
Your grade consists of two parts: the grade from the written exam, and the participation grade. The written exam counts for 70 percent of your overall grade. The participation grade is based on the submitted homework and the debate. The average grade for the homework and the final grade for the debate have equal weight in the participation grade. From the resulting grades the sanctions for non-attendance of the debate are subtracted. However, your overall participation during the tutorial as perceived by the teacher may grant you a higher (or lower) participation grade. The participation grade counts for 30 percent of your overall grade. Note that the participation grade will also count if you take the resit exam. In other words, there is no resit for the participation grade.