



Til: Programrådet
Fra: Gaute Torsvik og Ragnhild Schreiner
Sak: Sak 18/2023
Sak: Endringer i undervisningen av offentlig økonomi
Dato: 15. mars 2023

Endringer i undervisningen av offentlig økonomi

Det tilbys to kurs i public economics: ECON4620 - public economics (undervises på våren) og ECON4624: empirical public economics (undervises på høsten). Kursene har per i dag tematisk overlapp, men er skilt ved at det ene kurset har mer fokus på den teoretiske litteraturen, mens det andre kurset fokuserer på den empiriske litteraturen.

Vi foreslår å sortere kursene etter tematikk i stedet for metode. Begge kursene vil dermed studere både teoretiske og empiriske bidrag til litteraturen. Vårkurset fokuserer på skatt, og får dermed tittel «Public economics – taxation», mens høstkurset fokuserer på offentlig forsikring, eksternaliteter og offentlige goder, og offentlig tilbud av utdanning. Dette kurset vil hete «Public economics – public policy».

Nedenfor følger en tematisk oversikt over forelesningene i de to kursene.

Public economics – public policy (Autumn)

Lecture 1: Introduction

Part 1: Social Insurance

Lecture 2: Motivations for Social Insurance



The role of government (adverse selection)

Benefits (insurance, consumption smoothing) and costs (moral hazard).

Lecture 3: Unemployment Insurance

Optimal design of UI (theory)

Effects of UI on labor supply (empirical evidence)

UI and subsequent wages (Card, Chetty and Weber, 2007)

Lecture 4: Disability Insurance

Recent trends

Effects of DI on labor supply (Bound, 1989; Kostøl and Mogstad (2014); Maestas, Mullen and Strand, 2013; Autor, Kostøl, Mogstad and Setzler (2019); Card et al. 2015)

Lecture 5: Peer effects and intergenerational spillovers of welfare programs

Lecture 6: Income distribution, intergenerational mobility and welfare programs

Lecture 7: Health insurance

Part 2: Public Goods and Externalities

Lecture 8: Externalities

Pigouvian taxation, price and quantity approaches.

Estimating the cost of externalities



Lecture 9: Public Goods

Optimal provision of public goods. Samuelson rule

Empirical evidence on crowd-out

Lecture 10: Cost-benefit analysis

Part 3: Education Policy

Lecture 11: Public provision of education

Why should be government be involved?

Lecture 12: Education production function and the returns to education

School quality: class size, preschool. HC accumulation and screening device.

Lecture 13: Summing up



Public economics – taxation (Spring)

Lecture 1: Introduction

Part 1: Tax Incidence and Efficiency Cost of Taxation

Lecture 2:

Lecture 3:

Lecture 4:

Lecture 5:

Part 3: Optimal Taxation

Lecture 6:

Lecture 7:

Part 4: Income Taxation and Labor Supply

Lecture 8:

Lecture 9:

Part 5: Corporate Taxation

Lecture 9: Dividend taxes

Lecture 10: Corporate taxes: Effect on investments, international taxation and location/profit shifting



Lecture 11: Payroll taxes and Natural resource taxes

Part 6: Taxing Wealth

Lecture 12:

Lecture 13: Summing up

Reading list

Autumn semester:

Lecture 2:

Chetty, Raj, and Amy Finkelstein. "Social insurance: Connecting theory to data." Handbook of public economics. Vol. 5. Elsevier, 2013. 111-193.

Link: https://economics.mit.edu/sites/default/files/2022-08/Social%20Insurance-%20Connecting%20Theory%20to%20Data_Handbo.pdf

Bound, John (1989): "The Health and Earnings of Rejected Disability Insurance Applicants." American Economic Review 79.3.

Link: https://www.jstor.org/tc/accept?origin=%2Fstable%2Fpdf%2F1806858.pdf&is_image=False

Card, David, David S. Lee, Zhuan Pei, and Andrea Weber (2015): "Inference on Causal Effects in a Generalized Regression Kink Design." Econometrica 83 (6): 2453-83.

Link:

https://www.jstor.org/tc/accept?origin=%2Fstable%2Fpdf%2F30034431.pdf&is_image=False



Maestas, Nicole, Kathleen Mullen and Alexander Strand (2013): “Does Disability Insurance Receipt Discourage Work? Using Examiner Assignment to Estimate Causal Effects of SSDI Receipt”, *American Economic Review*, 103(5), 1797-1829.

Link: <https://eml.berkeley.edu/~saez/course/maestas-mullen-strandAER13.pdf>

Forslag til nye emnebeskrivelser

ECON4620 - Public economics – taxation (spring semester)

Course content

This course is equivalent with [ECON3620 – Public Economics](#)

The main objective of the course is to discuss the use of taxes and public expenditures for promoting socially efficient resource allocation and a desirable income distribution. The analysis of tax policy will highlight on the one hand harmful market effects of taxes and on the other hand the role of taxes in supporting public provision of goods and services. The course covers tax incidence and efficiency cost of taxation, optimal taxation, income and firm taxation and taxing wealth.

Learning outcome

You should know:

- Central concepts and basic models of modern public economics based on second best welfare theory
- Major actual policies and examples of issues currently on the political agenda
- Key concepts characterising types, properties, and effects of taxes and describing publicly provided goods, market imperfections, and second best constraints key models such as the Mirrlees model of taxation

Skills

You should be able to:

- Explain the economic contents and trade-offs captured by the models



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- Discuss the assumptions, relevance, and limitations of the models
- Identify the assumptions, relevance, and limitations of different empirical methods
- Identify and analyse policy problems in public economics assess arguments appearing in the policy debate

Competence

You should:

- Be able to read and understand project reports and journal articles that make use of the concepts and methods that are introduced in the course
- Be able to make use of the course content in your own academic work, for example in analyses that are part of the master's thesis

Admission

Students admitted to study programmes at UiO must each semester register [which courses and exams they wish to sign up for in Studentweb](#).

Students not admitted to the Master's programme in Economics or the Master's programme in Economic Theory and Econometrics (Samfunnsøkonomisk analyse), [can apply for admission to one of our study programmes](#), or apply for [guest student status](#).

Prerequisites

Formal prerequisite knowledge

[ECON3220 – Microeconomics 3](#) / [ECON4220 – Microeconomics 3](#), or equivalent.

Recommended previous knowledge

Students who do not have [ECON3120 – Mathematics 2: Calculus and Linear Algebra](#) / [ECON4120 – Mathematics 2: Calculus and Linear Algebra](#) or equivalent, are advised not to take this course.

Overlapping courses

10 credits overlap with [ECON3620 – Public Economics](#)



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10 credits overlap with ECON495 Public economics

10 credits overlap with SOØ495/SØK496 Offentlig økonomi

Teaching

Lectures and seminars.

Examination

A 3-hour written school exam.



ECON4624: Public economics – public policy (autumn semester)

Course content

This course covers the impact and effectiveness of public policies. The course discusses the reasons for government intervention in the economy, the benefits of government policies and their costs, taking into account individuals and firms' responses to the government's actions. The course covers social insurance programs (including unemployment and disability insurance), public goods and externalities, cost-benefit analysis and governmental provision of education. Students will learn to read, understand and critically assess research in the area of public economics, and be introduced to a variety of theoretical models and empirical methods to evaluate public policy research questions.

Learning outcome

You should be able to:

- Explain market failures that warrant public provision of social insurance, and discuss theoretical and empirical literature on the moral hazard costs of social insurance
- Explain how we can determine the optimal level of public goods, analyse when the private sector is not likely to provide optimal levels of a public good and discuss challenges in public goods provision
- Approach a cost-benefit analysis using economic tools
- Discuss reasons for public provision of education be familiar with the literature on the returns to education

Skills

You should be able to:

- Identify policy problems in public economics
- Explain the economic contents and trade-offs captured by theoretical models,
- Identify the assumptions, relevance, and limitations of different empirical methods
- Assess arguments appearing in the policy debate relating to the impact of public policy

Competence



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You should be able to:

- Read and understand reports and journal articles that make use of the concepts and methods that are introduced in the course
- Be able to make use of the course content in applied exercises and your own academic work, for example in analyses that are part of the master's thesis.

Prerequisites

Formal prerequisite knowledge

You must fulfill one of these prerequisites:

Bachelor's degree in Economics, or equivalent.

[ECON3220 – Microeconomics 3](#) / [ECON4220 – Microeconomics 3](#), or equivalent.

Recommended previous knowledge

Students who do not have [ECON3150 – Introductory Econometrics](#) / [ECON4150 – Introductory Econometrics](#) or equivalent, are advised not to take this course.

Teaching

Lectures and seminars.

Voluntary tuition activities:

A term paper

An oral presentation

Examination

A 3-hour written school exam.