



East China Normal University
GEC International Summer School

ECON48: Economics of the Public Sector I

Term: June 16th to July 18th, 2025

Class Hours: Monday through Friday, 110 minutes each day (2,750 minutes in total)

Instructor: TBD

Home Institution: TBD

Office Hours: TBD

Email: TBD

Course Description

This course offers a comprehensive exploration of Public Sector Economics, delving into both theoretical frameworks and empirical case studies of economic policies. The course covers: the role and size of the public sector, including the rationale for public sector interventions such as market and government failure and distributional concerns; public expenditure policy, including assessment of government social protection programs, public projects, public investment management, public-private partnerships, privatization and the role of the private sector in the production and provision of public goods and services. Also addressed are key factors determining a nation's fiscal architecture; public resource mobilization via user charges and taxation, including the economics of taxation, taxation of income, wealth, and consumption, tax incentives, tax compliance and enforcement, and tax reform. It also covers fiscal federalism and issues related to public debt, deficit financing and fiscal federalism.

No Prerequisite.

Course Objectives



By the end of this course, students will be able to:

- Understand fundamental principles of government's role in the economy.
- Analyze government intervention and its impact on market economies.
- Evaluate the effects of government expenditure programs and taxation systems on citizens' welfare and behavior.
- Explore key concepts in public sector economics, including efficiency, externalities, and public goods.
- Engage in discussions on current policy debates related to natural resources, global climate change, and taxation.

Recommended Reading

1. Rosen, H. S. and T. Gayer, (2014), *Public Finance*, Boston: McGraw Hill, 10th edition
2. Hillman, A. L. (2009), *Public Finance and Public Policy – Responsibilities and Limitations of Government*, Cambridge: Cambridge University Press

Course Hours

The course has 25 class sessions in total. Each class session is 110 minutes in length, for a total of 2750 minutes of in-class time. The course meets from Monday to Friday. ECNU awards 3 credits for this course. Different universities may count course credits differently. Consult officials at your own home institution.

Attendance

Summer school is very intense and to be successful, students need to attend every class. Occasionally, due to illness or other unavoidable circumstance, a student may need to miss a class. ECNU policy requires a medical certificate to be excused. Any absence may impact on the student's grade. Moreover, ECNU policy is that a student who has more than 3 absences will fail the course. Arriving late or leaving early will count as a partial absence.



Grading Policy

ECNU awards grades of A, A-, B+, B, B-, C+, C, D, and F. Most colleges and universities do not award transfer credit for grades of D or F.

In this course, grading will be based on the following:

Class Participation	5%
Assignments	20%
Midterm	35%
Final Exam	40%

General Expectations

Students are expected to:

- Attend all classes and be responsible for all material covered in class and otherwise assigned. Any unexcused absence may impact a student's grade.
- Arrive to class on-time: Late arrivals are disruptive to your fellow students and to the conduct of the class.
- Complete the day's required reading and assignments before class.
- Review the previous day's notes before class; make notes about questions you have about the previous class or the day's reading.
- Refrain from texting, phoning or engaging in computer activities unrelated to class during class (不要用手机). It is highly disrespectful to the professor and to the class.
- Participate in class discussions and complete required written work on time.

Course Schedule

The planned schedule sketched out below may be modified to suit the interests or abilities of the enrolled students or to take advantage of special opportunities or events that may arise during the term.

Week 1

– *Day 1*



- *Introduction*
- *Understanding public sector analysis*
- *Day 2*
 - *Foundations of public economics*
 - *Pareto optimality and efficiency of competitive markets*
- *Day 3*
 - *Efficiency conditions in a twoperiod intertemporal model*
- *Day 4*
 - *Consumer and producer surplus*
 - *Theory of second best*
- *Day 5*
 - *Tutorial/Discussion*

Week 2

- *Day 1*
 - *Market failure: public goods & externalities*
 - *Market imperfections*
- *Day 2*
 - *Risk and uncertainty*
 - *Income distribution*
- *Day 3*
 - *Government failure: disjunction between public costs and revenues*
 - *High levels of taxation; imperfect control of*
- *Day 4*



- *Measures to correct government failure*
- *Public sector reform*
- *Day 5*
 - *Tutorial/ Discussion*
 - *Assignment 1 due*

Week 3

- *Day 1*
 - *Externalities: positive and negative externalities*
 - *Coase theorem*
- *Day 2*
 - *Corrective mechanisms*
- *Day 3*
 - *Government interventions*
 - *Taxes & Subsidies*
- *Day 4*
 - *Midterm Review Session*
 - *Discussion/Tutorial*
- *Day 5*
 - *Midterm*

Week 4

- *Day 1*
 - *Public goods*
 - *Merits goods, club goods*



- *Day 2*
 - o *Optimal provision of public goods and alternative mechanism*
- *Day 3*
 - o *Public choice*
 - o *Unanimous consent on public goods levels*
- *Day 4*
 - o *Mechanisms for aggregating individual preferences*
 - o *Representative democracy*
- *Day 5*
 - o *Tutorial/Discussion*
 - o *Assignment 2 due*

Week 5

- *Day 1*
 - o *Public expenditure*
 - o *Social welfare function*
- *Day 2*
 - o *Social protection programmes*
 - o *Social insurance and security*
- *Day 3*
 - o *Theories of public expenditure growth*
- *Day 4*
 - o *Tutorial/Discussion*
 - o *Final Exam Review Session*



– *Day 5*

○ *Final Exam*

Academic Honesty

Students are expected to maintain high standards of academic honesty. Specifically, unless otherwise directed by the professor, students may not consult other students, books, notes, electronic devices or any other source, on examinations. Failure to abide by this may result in a zero on the examination, or even failure in the course.