Econ 4999K – Public Economics

Department of Economics – HKUST
Spring 2017

Instructor: The main instructor is professor Sandro Brusco. The teaching assistant is Lin Zhao.

Organization: We will meet Monday 15:00-16:20 and Friday 10:30 – 11:50 in room LSK G007, starting on Feb. 3. There will be a tutorial session on Monday, 18:00-18:50.

Contact Information: I’m in office LSK 6070. E-mail: sbrusco@ust.hk. I have office hours on Tuesday, 13:00 – 15:00 pm, but you can talk to me whenever you find me in the office. Lin Zhao’s e-mail is lzhaoal@connect.ust.hk.

Grading: The grade will be based on 4 homeworks (20%), a midterm exam (30%) and a final exam (50%). The final exam will cover all the material of the course, including the topics covered in the midterm exam.

Textbook: The main textbook for the course is:


Earlier editions of the textbook are fine.

Topics: The lectures loosely follow Gruber’s book. The main topics that will be covered are the following.

1. Introduction to public economics and review of tools (Gruber, Chapters 1-4).

2. Taxation and Redistribution I: Background and tax incidence (Gruber, Chapters 17-19)

3. Taxation and Redistribution II: Labor Income Taxes and Transfers (Gruber, Chapters 20-21)
4. Taxation and Redistribution III: Capital Income Taxation (Gruber, Chapters 22-25)

5. Role of the government I: Externalities (Gruber, Chapters 5-6)

   (a) Basic theory (Gruber Chapter 7)
   (b) Political Economy (Gruber Chapter 9)
   (c) Local public goods (Gruber Chapter 10)
   (d) Public Provision of Private Goods: Education (Gruber, Chapter 11)

   (a) Overview (Gruber, Chapter 12)
   (b) Social Security (Gruber, Chapter 13)
   (c) Unemployment Insurance, Workers Compensation, Disability Insurance (Gruber, Chapter 14)
   (d) Health Insurance (Gruber, Chapters 15-6).