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## INTERNATIONAL PUBLIC ECONOMICS

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SYLLABUS FOR WINTER TERM 2019/20

This block course consists of lectures and classes and is taught on a graduate level aiming at Master and PhD students. We offer the course at the Department of Economics at LMU Munich. It qualifies students for 6 ECTS or a doctoral course certificate, respectively.

Lecture: Prof. Dr. Kai A. Konrad  
Class: Jonas Send

Language: English

Course assessment: exam (120 min.), date: February 28, 2020

To sign up (please state your name, your matriculation number, and the programme you are enrolled in; deadline: February 3, 2020) or for further questions, please contact:

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### CONTENT

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The strengthened internationalization of modern economies constitutes a new framework to public spending and revenue policies, creating new challenges for policy makers. This course analyses the incentives for and effects of state actions in an international setting. Topics include, among others, the theory of international public goods, optimal tariffs, strategic trade policy, and tax competition.

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### DATES AND LOCATION – BLOCK COURSE

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10.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Lecture
11.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Lecture
12.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Lecture
13.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Lecture
14.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Class
17.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Lecture
18.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Class
19.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Class
20.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Class
21.02.2020	14:00 – 18:00	Geschw.-Scholl-Pl. 1 (A) - A 015	Class
28.02.2020	10:00 – 12:00	Geschw.-Scholl-Pl. 1 (E) - E 004	Exam



## OUTLINE

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### 1. International Public Goods

The generic setup and Samuelson's benchmark  
The voluntary contributions equilibrium  
Application 1: Global warming and generous pre-commitment  
Application 2: The simple economics of defence unions  
Application 3: Border controls

*Recommended literature (shortlist):*

- Bergstrom, Theodore C., Lawrence Blume and Hal Varian, 1986. On the Private Provision of Public Goods, *Journal of Public Economics*, 29, 25-49.
- Buchholz, Wolfgang, 1990. Gleichgewichtige Allokation öffentlicher Güter, *FinanzArchiv*, N.F., 48, 336-357.
- Hoel, Michael, 1991. Global Environmental Problems: the Effects of Unilateral Actions Taken by One Country, *Journal of Environmental Economics and Management*, 20, 55-70.
- Hoffmann, Sönke, Benedikt Mihm and Joachim Weimann, 2015. To Commit or Not to Commit, *Journal of Public Economics*, 121, 95-105.
- Konrad, Kai A. and Marcel Thum, 2014. Climate Policy Negotiations with Incomplete Information, *Economica*, 81, 244-256.
- Olson, Mancur, Jr., and Richard Zeckhauser, 1966. An Economic Theory of Alliances, *Review of Economics and Statistics*, 48, 266-279.

### 2. Trade Policy

Introduction and motivation  
Optimal tariffs  
Trade agreements  
Political economy of tariffs  
Strategic trade policy

*Recommended literature (shortlist):*

- Aghion, Philippe, Pol Antràs and Elhanan Helpman, 2007. Negotiating Free Trade, *Journal of International Economics*, 73, 1-30.
- Brander, James A. 1995. Strategic Trade Policy, in: G. Grossman and K. Rogoff (Eds.), *Handbook of International Economics*, Vol. 3, Chapter 27, Elsevier, Amsterdam, 1395-1455.
- Esteban, Joan M., and Debraj Ray, 2001. Collective Action and the Group Size Paradox, *American Political Science Review*, 95, 663-672.
- Feenstra, Robert C., 2004. Advanced International Trade. Princeton University Press, Princeton, Chapter 7, 209-253.
- Huck, Steffen, and Kai A. Konrad, 2004. Merger Profitability and Trade Policy, *Scandinavian Journal of Economics*, 106, 107-122.
- Maggi, Giovanni, 2014. International Trade Agreements, in: Gita Gopinath, Elhanan Helpman and Kenneth Rogoff (Eds.), *Handbook of International Economics*, Vol. 4, 317-390.
- Panagariya, Arvind, 2000. Preferential Trade Liberalization: the Traditional Theory and New Developments, *Journal of Economic Literature*, 38, 287-331.



### 3. Tax Competition and Cooperation

Motivation and illustrative examples

The Wildasin-Wilson model

Coordination and tax unions

Leviathan governments

Dynamic aspects

Market analysis of tax havens

*Recommended literature* (shortlist):

- Keen, Michael, and Kai A. Konrad, 2014. The Theory of International Tax Competition and Tax Coordination, in: Alan J. Auerbach, Raj Chetty, Martin Feldstein, and Emmanuel Saez (Eds.), *Handbook of Public Economics*, Vol. 5, Chapter 5, North-Holland, Amsterdam, 257-328.