



INTERNATIONAL PUBLIC ECONOMICS

SYLLABUS FOR WINTER TERM 2020/21

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: Raphaela Hennigs, M.Sc. in Economics

Language: English

To sign up (please state your name, your matriculation number, and the programme you are enrolled in; deadline: February 08, 2021) or for further questions, please contact:

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CONTENT

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.

ORGANIZATION

All relevant information and material is provided on Moodle. Please enrol to the Moodle course “International Public Economics” on Moodle. To obtain the enrolment key and to sign up to the course, please contact Raphaela Hennigs (raphaela.hennigs@tax.mpg.de). You will receive the enrolment key to the Moodle course in the beginning of February.

1. Lecture

Pre-recorded lectures will be available online. A link to the lecture recordings will be published on Moodle and the recordings will be available from February 15 to March 05, 2021. Additional, lecture notes and recommended literature will be available online on Moodle. Lecture slides will not be published.



2. Class

There will be four problem sets. Solutions to these problem sets will be given in pre-recorded videos. Problem sets and videos will be published on Moodle and will be available from February 15 to March 05, 2021.

3. Q&A

Students can post public questions in a forum on Moodle. These questions will be discussed in live Q&A sessions on Zoom. Further information will be provided in due time.

4. Exam

The exam will take place on March 05, 2021 from 10:00 to 12:00. It will take the form of an open-book online exam.

OUTLINE

1. International Public Goods

Part I: Theory of non-cooperative provision of public goods

- The normative benchmark
- Non-cooperative provision – the BBV-Model
- Multiple public goods
- Other composition functions
- Step-level provision

Part II: Applications

- Global warming and generous pre-commitment
- Clubs of country clubs – the example of golden passports
- The economics of European border control effort
- The economics of defence alliances

Recommended literature (shortlist):

Lecture Notes, Part I

Suggestions for further reading:

See the references in Lecture Notes, Part I



2. Trade and Trade Policy

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

Recommended literature

- Lecture Notes, Part II
- 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.
- Huck, Steffen, and Kai A. Konrad, 2004. Merger Profitability and Trade Policy, *Scandinavian Journal of Economics*, 106, 107-122.

Suggestions for further reading:

See the references in Lecture Notes, Part II

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:

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.