This course will cover the economics of public goods, externalities, and related topics. The course will follow a lecture format, drawing on the articles from the following reading list, which contains hyperlinks. The course grade will be based on a research proposal and a take-home final exam.

**READING LIST**

0. *Partial Overview of Course Topics*


I. *Public Consumption Technologies*


II. *Efficiency*

   A. *Fixed Group Size*

      Atkinson and Stiglitz, 16-2 (pp. 487-490).
      Hindriks and Myles, Ch. 5.4.

   B. *Variable Group Size (Club Theory)*

      Hindriks and Myles, Ch. 6.1–6.5.
C. **Public Good Spillovers**


D. **Relevance for LDCs**


III. **Voluntary Provision of Public Goods**

Hindriks and Myles, Ch. 5.3, 5.8.
Feldman, Ch. 6, pp. 112-114.

IV. **Voting Equilibria**

Atkinson-Stiglitz, 10.2.
Hindriks and Myles, Ch. 5.5, and 10.1-10.4.
Feldman, Ch. 6, pp. 119-122, Ch. 9.
Brueckner, J., Lectures on Urban Economics, Ch. 8.

V. **Models of Bureaucracy**

Hindriks and Myles, Ch. 4.4.1–4.4.4.
VI. *Tests of the Median Voter Model and Public Good Demand Estimates*

Atkinson-Stiglitz, 10-5 (pp. 321-329).

VII. *Mechanisms for Achieving Efficiency*

A. *Lindahl Taxes and Preference Revelation Mechanisms*

Feldman, Ch. 6, pp. 114-119, 122-134.
Hindriks and Myles, Ch. 5.6-5.7.

B. *The Tiebout Model and a Test for Public Sector Efficiency*

Hindriks and Myles, Ch. 6.6-6.7, and Ch. 17.1–17.3, 17.6.

C. *Relevance for LDCs*

VIII. Externalities

Brueckner, J., Lectures on Urban Economics, Ch. 9.
Hindriks and Myles, Ch. 7.

IX. Cost-Benefit Analysis

Varian, Ch. 10.

X. Tax and Welfare Competition and the Race to the Bottom

Hindriks and Myles, Ch. 18.1–18.2.4, 18.5.

XI. Testing the Premise of Tax Competition: Local Tax Rates and Investment