



## Master PMP – IDHEAP – SA 2019 Course and Exam Descriptions “Public Finance & Economics (PFE)”

### Objectives

The main objective of the PFE Program is to offer students a consistent program providing them with the conceptual understanding and technical competences to deliver the necessary normative solutions to the main challenges the public sector is currently facing. A more specific objective is also to train them to use quantitative methods that are essential to that aim. It moreover equips students with the skills and knowledge required to pursue doctoral studies.

**Teaching language:** English.

**Time of the year:** Autumn

### Obligatory courses

	Course Name	ECTS	Instructor	Teaching Language	Semester
Obligatory courses (18 Credits)	Introduction to applied econometrics	3.0	Christopher Grigoriou	E	SA
	Contract Economics and Organization of Public Services	3.0	Laure Athias	E	SA
	Economics of education	3.0	Simon Burgess	E	SA
	Fiscal Federalism and Equalization	3.0	Marko Köthenbürger	E	SA
	Fiscal Policy	3.0	Nils Soguel	E	SA
	Econometrics of Panel Data	3.0	Christopher Grigoriou	E	SA

*Sous réserve de modifications.*

Version 04.09.2019

## Introduction to applied econometrics SA 2019

### Teaching Staff: Christopher Grigoriou,

Senior Lecturer at IDHEAP, Professeur remplaçant HEC-Lausanne

E-mail: christopher.grigoriou@unil.ch

Year: × 2. Year

Type: × Course

Semester: Autumn

ECTS: 3

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Quantitative analysis and introduction to econometrics

### Objective

This course is an introduction to applied econometrics. At the end of this lecture, students will be comfortable with basic quantitative analysis and will be able to read, interpret and comment studies relying on econometric analysis as well as performing by themselves simple but consistent empirical work.

### Content

The course relies on theoretical presentations, empirical applications from the literature and practical exercises to be performed in class.

A large part of the lecture is dedicated to learn how to read and interpret the output of econometric applications as well as to the questions of identification and causality which are central to applied econometrics and in particular to any impact analysis. Practical exercises give the opportunity to the student to test by themselves the theoretical content from one of the most commonly used econometrics software (STATA).

### Literature

- Bourbonnais R. (2005) Econométrie, Paris : Dunod.
- Cadoret I., Benjamin C., Martin F., Herrard N. & Tanguy S. (2004), Econométrie appliquée, Paris & Bruxelles : De Boeck.
- Wooldridge J.M. (2002) Econometric Analysis of Cross Section and Panel Data, Cambridge: MIT Press.

### Evaluation

**First try:** 50% will rely on a study-case and 50% on an examination.

- X Document à rendre (Deg)
- X Ecrit de 2h avec documentation

### Retake exam:

- X Written 2h00 with documentation

### Exam Language:

- X English

## Contract Economics and Organization of Public Services SA 2019

**Teaching Staff : Laure Athias**, Université de Lausanne

E-Mail: laure.athias@unil.ch

Year: x 2. Year

Type: x Course

Semester: Autumn

ECTS: 3

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### Subject

Contract Economics and Organization of Public Services

### Objective

This course is a one-semester course covering several prominent theories of contracting, but this is not a standard course in contract theory. Instead, the theories are chosen because of their existing and potential applications - as applied theory in the field of public economics. More precisely, the aim of this course is to present recent developments in the economics of contract and to show how this theoretical framework can be applied to the question of the organization of public services provision.

There are no prerequisites for this course. Although not required, it is expected that most students take the companion course in econometrics "Introduction to applied econometrics" (as econometric issues will be tackled in order to test theoretical hypotheses).

### Content

The course consists of the following topics:

1. The make-or-buy tradeoff: A Transaction Cost Economics perspective
  - a. Theoretical framework: The transaction cost theory
  - b. Specificities of public goods and services on the make-or-buy tradeoff
2. Regulation: A theory of incentives perspective
3. Motivation and incentives in the public sector

### Literature

Slides, research articles tba in class

Athias L., 2013, La contractualisation de service public, in Andreas Ladner et al. (éds.) *Manuel d'administration publique suisse*, Presses Polytechniques et Universitaires Romandes, pp. 679-697

Athias L., M. Macina et P. Wicht, 2018, Public Private Partnerships: A Swiss Perspective, in Andreas Ladner et al. (éds.) *Swiss Public Administration: Making the State Work Successfully*, Springer International Publishing, pp. 187-204.

Laffont, J. J., 2005, *Regulation and Development*. Cambridge University Press.

Laffont J.J. and Tirole J., 1993, *A Theory of Incentives in Procurement and Regulation*, MIT Press.

Laffont J.J. et Tirole J., 2012, *Théorie des incitations et réglementation*, Economica, Paris.

Saussier S. & Yvrande-Billon A., 2007, *Economie des coûts de transaction*, Ed. Repères.

Williamson O.E., 1985, *The Economic Institutions of Capitalism*, The Free Press/Macmillan, New York.

Williamson O., 1994, *Les Institutions de l'économie*, InterEditions, Paris.

## **Evaluation**

### **Exam Language:**

× English

### **First try:**

× Document à rendre (Deg) and  
× Contrôle continu avec inscription

### **Re try:**

× Travail personnel à rendre (R)

**Fiscal Policy (FP) SA 2019**

Politique fiscale

**Teaching Staff : Nils Soguel**, Université de LausanneE-Mail : [nils.soguel@unil.ch](mailto:nils.soguel@unil.ch)

Year: 2. Year

Type: x Course

Semester: x Autumn

ECTS: 3

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How do fiscal instruments influence the macro performance of the economy?

**Aim of the course**

In this course, as a participant, you will:

- Learn how to analyse a fiscal policy?
- Understand how to take relevant actions and how to respond to questions such as:
  - Should the State increase spending to stimulate employment and growth?
  - What must be considered in terms of the sustainability of the State's finances?
  - What are the dominant variables which influence the financial situation of a government?
  - Does a State's debt level influence the macroeconomic performance of a country?

**Content**

Fiscal policy is, along with monetary policy, one of the main levers of a government's political economy. Fiscal policy involves using particular fiscal measures, including tax policy, expenditure policy and debt policy, to influence the business cycle. The impact of these various measures on different activity sectors of the State is therefore significant. They also greatly effect households and businesses.

These policies are subject to intense theoretical debates. And the practical repercussions of these debates are monumental. Up until the end of the 1930s, the main goal of public sector financial management was to ensure the financing of public services. Government spending was not then considered a variable able to influence the level of economic activity.

John Maynard Keynes, the famous English economist, modified this idea by highlighting the impact of fiscal policy on the level of economic activity. As a result, since the 1930s, most developed countries have had fiscal stimulus policies during periods of recession or slower growth.

However, beginning with the crisis that followed the oil crisis of 1973, neoclassical theoreticians demonstrated the limits of fiscal policy and, in particular, the harmful effects of recurring deficits and government debt. The current crisis gives us a practical demonstration of this. It confirms the usefulness of having efficient brakes to spending and debt. It is indeed when the State debt level leaves wide room for maneuvering that governments are able to combat macroeconomic fluctuations and promote growth.

**References**

- ADMINISTRATION FEDERALE DES FINANCES (2016). Principes applicables à la gestion des finances. Berne : AFF [téléchargeable].
- LANDAIS, B. (1998). Leçons de politique budgétaire. Paris: De Boeck.
- LANGDANA, F.K. (2002). Macroeconomic Policy: Demystifying Monetary and Fiscal Policy. New York: Springer.
- MAKIN, A.J. (2018). The Limits of Fiscal Policy. New-York: Springer Nature, Palgrave Macmillan.
- SHAW, G.K., 1972. Fiscal Policy. London: Macmillan.

## **Evaluation**

### **Type of Exam first try**

x Document à rendre (Deg)

Description:

Short dissertation written in a project group

### **Second try:**

x ROral individuel

Oral exam lasting about 20 minutes with an equal preparation time (20 minutes)

### **Exam Language:**

X English

## **Fiscal Federalism and Equalization SA 2019**

**Teaching Staff:** Marko Köthenbürger, Professor of Economics, KOF Swiss Economic Institute and ETH Zurich.

E-Mail : koethenbuerger@kof.ethz.ch

Year: x 2. Year

Type: x Course

Semester: Autumn

ECTS : 3

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Prerequisites: Principles of Microeconomics (Master PMP 1<sup>st</sup> year)

### **Objective**

The course provides a basic understanding of the positive and normative implications of fiscal federalism and the associated fiscal flows between governments. The course starts out with a review of the rationale for why a decentralized government structure is needed and how fiscal flows should be organized in order to guarantee an efficient functioning of the public sector. Following the normative analysis, the course discusses (i) the redistributive and incentive effects of actual transfer systems that are used to allocate funds to different governments within federations and (ii) the political economy of reforming fiscal flows.

### **Content**

The course consists of the following topics:

- Fiscal Decentralization: Rationale
- Fiscal Transfers in Federations: Normative Analysis
- Redistributive and Incentive Effects of Fiscal Transfers
- Practice of Fiscal Equalization
- Political Economy of Reform

### **Literature**

Avenir Suisse (2013), Irrgarten Finanzausgleich, Kantonsmonitoring 5, Zürich.

Boadway, R. (2004), The Theory and Practice of Equalization, CESifo Economic Studies, 50, 211-254.

Boadway, R. and A. Shah (2009), Intergovernmental Fiscal Transfers - Principles and Practice, World Bank, Washington D.C.

CESifo Dice Report, 1/2008 (Spring), various articles.

Gruber, J. (2012), Public Finance and Public Policy, 4<sup>th</sup> ed., Worth Publisher, New York.

**Evaluation**

**First try:**

Exam: oral in-class presentation (50%) and written (50%)

Documentation: No

Calculator: No

**Retake Exam:**

X (E) written

Documentation: No

Calculator: No

**Exam Language**

X English



## Economics of Education SA 2019

### Teaching Staff: Simon Burgess

E-Mail: simon.burgess@bristol.ac.uk

Year: x 2. Year

Type: x Course

Semester: x Autumn

ECTS: 3

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The study of education from an economic perspective: covering schools, teachers and pupils.

### Objective

This course provides a thorough and in-depth treatment of the application of microeconomic analysis to education. The idea is that at the end of the course, students will have a sound grasp of the insights and evidence that economics can bring to the study of education; will understand the issues involved in designing an education system and in education reform; and will be able to read, understand and critique economics research in education.

### Content

Topics will include general analysis of human capital formation, the role of family, school resources, teachers and pupils in raising attainment, the appropriate governance, regulation and market structure for schools. While the course will review theoretical models of investment, incentive structure, and markets to gain insights for studying behavior, the course will focus more on empirical evidence, and in particular it will emphasize causal studies. The unit aims to build in students an appreciation of the issues involved in education reform, the possibilities and the limitations.

### References

There is no single textbook that covers the course, and the bulk of the reading will be scientific journal articles. Here are a few example readings:

Björklund, A. and Salvanes, K. (2011) 'Education and Family Background: Mechanisms and Policies.' *Handbook of the Economics of Education*, vol. 3, edited by E. Hanushek, S. Machin and L. Woessmann.

Burgess, S., Greaves, E., Vignoles, A. and Wilson, D. (2014) 'What Parents Want: School Preferences and School Choice.' *The Economic Journal*, doi: 10.1111/eoj.12153.

Hanushek, E. and Woessmann, L. (2011) 'The Economics of International Differences in Educational Achievement.' *Handbook of the Economics of Education* vol 3, Edited by Eric A. Hanushek, Stephen Machin and Ludger Woessmann.

Jackson, C.K., Rockoff, J. and Staiger, D. (2014) 'Teacher Effects and Teacher-Related Policies.' *Annual Review of Economics*, August 2014, pp. 801-825.

## **Evaluation Outline**

### **Type of Exam First try**

x E (Written individual Exam without documentation) 2 hours during the standard session  
January for the autumn semester

### **Retake Exam**

X E R Written, 2h, without documentation

### **Exam Language**

X English

## Econometrics of Panel Data SA 2019

**Teaching Staff: Christopher Grigoriou**, Senior Lecturer at IDHEAP,  
 Professeur remplaçant HEC-Lausanne  
 E-mail: christopher.grigoriou@unil.ch

Year: x 2. Year

Type: x Course

Semester: x Autumn

ECTS : 3

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 Econometrics of panel data

### Objective

This is a course on applied econometrics dealing with 'panel' data sets. Topics to be studied include specification, estimation, and inference in the context of models that include individual (firm, person, etc.) and/or time effects. We will apply it to panel data settings involving 'fixed' and 'random' effects. We will perform applications from public economic empirical literature. At the end of the course, students are able to use quantitative techniques, including econometrics of panel data, to perform impact analysis

### Content

The course relies on panel data econometrics presentation; specific issues, methodology, advantages of such estimates, interpretations, tests. The practical part will cover data analysis with Stata, including (1) how to manage large databases, (2) study cases taken from public economics literature, and (3) a short paper to be prepared and presented from an impact analysis relying on quantitative analysis.

### References

Econometric Analysis of Cross Section and Panel Data, Jeffrey M. Wooldridge, the MIT press, 2nd edition, November 2010.

### Evaluation Outline

There will be a continuous examination, based on a short paper presenting an impact analysis relying on quantitative analysis.

### First try:

x Document à rendre (Deg)

There will be a continuous examination, based on a short paper presenting an impact analysis relying on quantitative analysis.

**Retake exam:**

x Written 2h00 with documentation

**Exam Language**

x English