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. Because the underlying hyperlinks for the articles are long, simply clicking on the colored text won’t work. Instead, highlight the entire article title, then right click and select “open hyperlink.” The course grade will be based on a take-home final exam.

**READING LIST**

I. **Public Consumption Technologies**

Hindriks, J. and G. Myles, Intermediate Public Economics, Ch. 5.1–5.2.

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.
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.

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. **Secondary Effects of Fiscal Decentralization**
