



masiye phambili · forward together · saam vorentoe

Faculty of Economic and Management Sciences

Department of Economics

Economics 381

Public Economics

(12084-381)

Module Outline

(2019)



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I. INTRODUCTION

I.1. THE MODULE FRAMEWORK

This document contains important information about your module that you might need during the year. Please read it with the general module outline for Economics 381. Both documents are regarded as "contracts" between a lecturer and a student.

I.2. MODULE AIM

Expenditure by the public sector amounts to more than one-third of South Africa's GDP. Although this number is significant in itself, it is not a complete indicator of the extent of the involvement of the public sector in the South African economy. The government also markedly affects private economic activity by means of regulation and the financing of its expenditures. Against this background, the Public Economics component of this module focuses on the following questions:

- Why does the public sector play such a large role in mixed market economies such as that of South Africa?
- What are the implications of such a large public sector and of such extensive public sector involvement for the economy and its participants?

I.3. MODULE OUTCOMES

After the successful completion of this part of the module you will be able to:

- Outline the efficiency and equity arguments for government intervention in market economies.
- Discuss the behaviour of voters, politicians and government officials.
- Explain the political and other factors that cause the failure of many government interventions in market economies.
- Discuss the efficiency and equity implications of the financing of government expenditure by means of taxation.
- Evaluate the economic effects of personal income taxation.
- Discuss the division of responsibilities among various levels of government and the use of intergovernmental grants to finance government activity.

The knowledge gained by studying the contents of this part of the module makes it possible to analyse aspects of the role of the public sector in the South African economy and to contribute to discussions of public sector reforms that might improve the economic performance of the country.

1.4. LANGUAGE OF INSTRUCTION

The general module outline contains information about the language option for all parts of Economics 381, including Public Economics.

2. ADMINISTRATION

2.1. MODULE CONVENOR AND THIRD-TERM LECTURER

Name	Office	E-mail address	Telephone number	Consultation hours
Krige Siebrits	509A	krigesiebrits@sun.ac.za	(021) 8082234	To be announced in lectures

2.2. SECOND-TERM LECTURER

Name	Office	E-mail address	Telephone number	Consultation hours
Hassan Essop	603	hessop@sun.ac.za	(021) 8083294	To be announced in lectures

2.3. LECTURE TIMES

Lectures will be presented on the following days and times.

Lectures			
Language	Day	Time	Venue
English	Wednesday	13h00 – 13h50	Schumann 208
English	Friday	10h00 – 10h50	Schumann 208
Tutorials			
(Applicable in certain weeks – dates will be announced well in advance.)			
English	Monday	16h00 – 16h50	Van der Sterr 1026

3. ASSESSMENT

Please consult the general module framework for information about all the assessment opportunities and the computation of your final marks (FM).

Note that **A2S1** is scheduled for **31 May 2018** and **A1S2** for **28 September 2019**. These tests will cover all the prescribed work for Public Economics in the second and third terms, respectively. Each test will count 60 marks and will contribute 20% to your FM. More information about the venues and duration of the tests and the structure of the papers will be provided in due course.

The **FAS** for the second semester will consist of an **academic essay**. Further information about the topics and requirements will be provided in due course.

4. RESOURCES

4.1. PRESCRIBED MATERIAL

The following textbook is prescribed for this part of the module:

Black, P.A., Calitz, E., Steenekamp, T.J. and Associates (2015): *Public Economics*. Sixth edition. Cape Town: Oxford University Press Southern Africa.

4.2. ADDITIONAL RESOURCES

Additional resources may be made available from time to time. The lecturers will provide information about such resources in class.

5. WORK PROGRAMME

The table overleaf contains a provisional schedule of the lectures and prescribed reading material. Any changes to this schedule will be announced in advance.

Provisional lecture schedule with chapters from Black et al. (2015)

Second Term	
Theme 1: Introduction	
Session 1: 10 April 2019 Introduction to Public Economics	Chapter 1
Session 2: 12 April 2019 The benchmark model (I)	Chapter 2
Session 3: 17 April 2019 The benchmark model (II)	Chapter 2
Theme 2: Market failure	
19 April 2019 No lecture (public holiday)	–
Session 4: 23 April 2019 (Friday timetable) Public goods and services (I)	Chapter 3
Session 5: 24 April 2019 Public goods and services (II)	Chapter 3
Session 6: 26 April 2019 Externalities (I)	Chapter 3
1 May 2019 No lecture (public holiday)	–
Session 7: 03 May 2019 Externalities (II)	Chapter 3
Session 8: 08 May 2019 Imperfect competition (I)	Chapter 4
Session 9: 10 May 2010 Imperfect competition (II)	Chapter 4
Session 10: 15 May 2019 Equity and social welfare (I)	Chapter 5
Session 11: 17 May 2019 Equity and social welfare (II)	Chapter 5

Provisional lecture schedule with chapters from Black et al. (2015)

Third Term	
Theme 3: Public choice and government failure	
Session 13: 24 July 2019 Public choice theory (I)	Chapter 6
Session 14: 26 July 2019 Public choice theory (II)	Chapter 6
Theme 4: Financing of government activities – Taxation	
Session 15: 31 July 2019 Essay discussion	None
Session 16: 02 August 2019 Introduction to taxation and taxation equity (I)	Chapter 11
Session 17: 07 August 2019 Introduction to taxation and taxation equity (II)	Chapter 11
09 August 2019 No lecture (public holiday)	–
Session 18: 14 August 2019 Tax efficiency (I)	Chapter 12
Session 19: 16 August 2019 Tax efficiency (II)	Chapter 12
Session 20: 21 August 2019 Personal income tax - individuals (I)	Chapter 13
Session 21: 23 August 2019 Personal income tax - individuals (II)	Chapter 13
Session 22: 28 August 2019 Personal income tax - individuals (III)	Chapter 13
Theme 5: Intergovernmental fiscal relations	
Session 23: 30 August 2019 Fiscal federalism (I)	Chapter 18
Session 24: 04 September 2019 Fiscal federalism (II)	Chapter 18
Session 25: 06 September 2019 Fiscal federalism (III)	Chapter 18