

Freie Universität Berlin/University of Belgrade
 Prof. Saša Randelović, Ph.D.
 Jean Monnet Chair in EU External Economic Relations
 EUGLOBALECON
sasa.randjelovic@ekof.bg.ac.rs
 Summer Semester 2024

Public Economics & Welfare States in Transition: EU Models in Eastern Europe & Eurasia

Location: 202 Sitzungsraum/Kaminzimmer (Boltzmannstr. 16-20)

Office Hours: Upon request.

Timeline:

1. Mi, 08.05.2024 12:00 - 14:00
2. Fr, 10.05.2024 10:00 - 16:00
3. Sa, 11.05.2024 10:00 - 16:00
4. Mi, 15.05.2024 12:00 - 14:00
5. Fr, 17.05.2024 12:00 - 18:00
6. Sa, 18.05.2024 10:00 - 16:00

Modules:

Master of Science in Economics/Public Economics: *Topics in Applied Economic Policy Analysis*
 Master of Arts in East European Studies: *Dynamics of Societal Transformations*

This is a graduate course on the topics in public and welfare economics, with a focus on the normative point of view, as well as on the policy perspective in the EU, the EU Eastern Partnership Countries (EPC) and the EU Candidate Countries from the Western Balkans (WB). It is offered under the auspices of the Jean Monnet Chair in External Economic Relations of the European Union held by Prof. Grigoriadis and his team. *The first part* of the course is related to the discussion of the role of government in modern economies, with the focus on social justice, arguments for government intervention in an economy, and the role of political economy and institutions in shaping economic growth. *The second part* of the course is dealing with normative and applied analysis of the economic functions of the welfare state, in education, pension insurance and healthcare system. Finally, *the last part* of the course is dealing with the tax policy in transition, including the equity-efficiency trade-off, tax evasion and tax morale and the impact of EU integration perspective on tax policy in the neighborhood regions. The listed topics will be discussed considering not only the relevant theoretical frameworks, but also considering application to policy issues in the EU, EPC and WB countries. In that respect, the experience of the EPC and WB countries with the transition of the role of government and welfare states will be discussed, as well as the impact of EU enlargement agenda on transition processes in those countries. The course grade is defined by student participation activities (20%) and the final exam/exam/research paper (depending on degree program pursued) in the end of the semester.

Participation:

Active Participation: collective presentation (12 slides per person, 15 minutes per person) in the last five weeks of the semester.

Regular Participation: 75% attendance of seminars and lectures.

Grade:

Coursework Activities (20%) + Final Exam (80%)

Coursework Activities: student presentation, homework assignments and in-class discussion.
Final Exam: Research paper.

Required Texts:

1. Abdih, M. Y., & Medina, L. (2013). Measuring the informal economy in the Caucasus and Central Asia. International Monetary Fund.
2. Baldwin, R., & Wyplosz, C. (2022). The Economics of European Integration, 7e. McGraw Hill.
3. Barr, N. (2020). Economics of the welfare state. Oxford University Press, USA.
4. European Commission (2022). Taxation trends in the EU. Available at the [LINK](#)
5. European Commission (2022a). Report on public finances in EMU. Institutional Paper No. 181. Available at the [LINK](#)
6. Fouejieu, A. P., Kangur, A., Martinez, S. R., & Soto, M. (2021). Pension reforms in Europe: How far have we come and gone?. IMF Departmental Paper 2021/016. Available at the [LINK](#)
7. Gilauri, N. (2017). Practical economics: Economic transformation and government reform in Georgia 2004–2012. Springer Nature.
8. Harvey, R., & Gayer, T. (2013). Public finance. McGraw-Hill Higher Education.
9. Hindriks, J., & Myles, G. D. (2013). Intermediate public economics. MIT press.
10. Knox, C. (2019). Public sector reform in Central Asia and the Caucasus. International Journal of Public Administration, 42(2), 168-178.
11. Kolosov, V. A., Vendina, O. I., Gritsenko, A. A., Glezer, O. B., Zotova, M. V., Sebentsov, A. B., & Panin, A. N. (2017). Economic and social reforms in the North Caucasus: Goals, limitations, problems, and results. Regional Research of Russia, 7, 259-270.
12. Nadirov, O., & Aliyev, K. (2015). Informality, tax evasion and the quality of business environment: Evidence from South Caucasian countries. NADIROV, Orkhan, and ALIYEV, Khatai, 114-127.
13. Pirvu, D. (2012). The tax harmonization in the European Union. In: Corporate income tax harmonization in the European Union (pp. 8-24). London: Palgrave Macmillan UK.
14. Reibling, N., Ariaans, M., & Wendt, C. (2019). Worlds of healthcare: a healthcare system typology of OECD countries. Health Policy, 123(7), 611-620.
15. Schneider, F., Raczkowski, K., & Mróz, B. (2015). Shadow economy and tax evasion in the EU. Journal of Money Laundering Control, 18(1), 34-51.
16. Schueth, S. (2011). Assembling international competitiveness: The Republic of Georgia, USAID, and the Doing Business project. Economic geography, 87(1), 51-77.
17. Verulava, T. (2018). Pension system in south Caucasus: Challenges and reform options. Bulletin of the Georgian National Academy of Sciences, 12(1), 168-174.
18. Verulava, T., & Maglakeridze, T. (2017). Health financing policy in the South Caucasus: Georgia, Armenia, Azerbaijan. Bulletin of the Georgian national academy of sciences, 11(2), 143-150.
19. Eurostat, IMF and World Bank databases

TOPICS

Topic 1: Social Justice and the State

Lecture 1: Political Theory: Social Justice and the State

- Ch. 2, Barr (2020).
- Baldwin, R., & Wyplosz, C. (2022).

Lecture 2: Size and Structure of Public Sectors: EU vs. EPC vs. WB

- Ch. 5, Hindriks & Myles (2013).
- European Commission (2022a).

- Course materials, based on the World Bank and IMF datasets on EPC and WB

Topic 2: Government Intervention in an Economy

Lecture 3: Public Goods and Externalities

- Ch. 6 and 8, Hindriks & Myles (2013).
- Ch. 4, Rosen & Gayer (2013).
- Kolosov et al. (2017).
- Knox (2019).
- Baldwin, R., & Wyplosz, C. (2022).

Lecture 4: Privatization of Public Goods and Environmental Policy: the EU, WB and EPC

- Ch. 6, Gilauri, N. (2017).
- Kolosov et al. (2017).
- Knox (2019).
- Problems + Student presentations
- Baldwin, R., & Wyplosz, C. (2022).

Topic 3: Political Economy, Institutions and Economic Growth

Lecture 5: Political Economy and Voting

- Ch. 11, Hindriks & Myles (2013).
- Ch. 6, Rosen & Gayer (2013).
- Knox (2019).
- Baldwin, R., & Wyplosz, C. (2022).

Lecture 6: Quality of Institutions: the EU, WB and EPC

- Kolosov et al. (2017).
- Schueth, S. (2011).
- Baldwin, R., & Wyplosz, C. (2022).
- Problems + Student presentations

Topic 4: Education Systems in Transition

Lecture 7: Government Intervention in Education: Theoretical Considerations and Reform in the EPC and WB

- Ch. 10 and 11, Barr (2020).
- Ch. 7, Rosen & Gayer (2013).
- Ch. 10, Gilauri, N. (2017).
- Knox (2019).

Topic 5: Pension Insurance in Transition

Lecture 8: Government Intervention in Pension Insurance: Theoretical Considerations and Reform in the EPC and WB

- Ch.7, Barr (2020).
- Ch. 11, Rosen & Gayer (2013).
- Verulava (2018).
- Fouejieu et al. (2021).

Topic 6: Government and Health Care

Lecture 9: Government Intervention in Health Care: Theoretical Considerations and Reform in the EPC and WB

- Ch.7, Barr (2020).
- Ch. 11, Rosen & Gayer (2013).
- Ch. 9, Gilauri, N. (2017)
- Verulava, T., & Maglachelidze, T. (2017).

- Reibling et al. (2019).

Topic 7: Tax Policy in Transition

Lecture 10: Tax Policy: Efficiency vs. Equity

- Ch. 15, Hindriks & Myles (2013).
- Ch. 14 and 15, Rosen & Gayer (2013).
- European Commission (2022).
- Baldwin, R., & Wyplosz, C. (2022).

Lecture 11: Tax Evasion and Tax Morale in EPC and WB

- Ch. 17, Hindriks & Myles (2013).
- Nadirov, O., & Aliyev, K. (2015).
- Abdih, M. Y., & Medina, L. (2013).
- Schneider et al. (2015).

Lecture 12: Competitiveness of Tax Systems in the EPC and WB

- Ch. 5, Gilauri, N. (2017).
- Kolosov et al. (2017).
- European Commission (2022).
- Pirvu, D. (2012).

Lecture 13: Impact of Harmonization of Tax Policy in the EU on Tax Systems of EPC

- Ch. 17, Hindriks & Myles (2013).
- Ch. 5 Gilauri, N. (2017).
- Pirvu, D. (2012).

Topic 8: Economic Transition

Lecture 14: Challenges of Transition to Functioning Market-Based Economy in the EPC and WB

- Ch. 5, Gilauri, N. (2017).
- Kolosov et al. (2017).
- Baldwin, R., & Wyplosz, C. (2022).

Exercise: Final Exam Review