

ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS

DEPARTMENT OF ECONOMICS

ERASMUS PROGRAM

PUBLIC ECONOMICS

Professor Tryphon Kollintzas

Spring 2019-20

SHORT ESSAYS

Each student is assigned one of the following 4 questions. Students with a last name starting with letter: A, B, C, D, E, F, G and H must answer Question I; I, J, K, L, M and N must answer Question II; O, P, Q and R must answer Question III; S, T, U, V, W, X, Y and Z must answer Question IV. Your answer should not exceed 600 words. You should email me your answer by June 21, 2020.

I. (i) What was your country's GDP share of:

- (a) government debt
- (b) government revenues
- (c) government expenditures
- (d) (total) deficit/surplus
- (e) interest payments on outstanding government debt
- (f) primary deficit/surplus

in 2019? (ii) How do you think GDP and the above GDP-shares will be affected in 2020, as a result of the Covid -19 pandemic and, in particular, the policy measures to: (α) enhance the public health system; (β) limit the spread of the infection (i.e., social distancing measures); and, (γ) countercyclical fiscal policies (e.g., government transfers to unemployed workers and grants and tax breaks to closed down businesses)? (Help: Part (ii) can be answered qualitatively, only. The use of a table with each one of its cells corresponding to one of the GDP-shares (a)-(f) and one of the policy measures (α)-(γ), might be helpful to organize your answers.)

II.(i) Several influencers have complained that the social distancing measures adopted by governments to fight the Covid-19 pandemic infringe upon basic human rights. Even so, do you think that social distancing is to the benefit of society or not? In either case, use the theory of market failure or the theory of government failure, covered in the first part of this course, to justify your answer. (ii) Some politicians have argued that the social distancing measures adopted by governments to fight the Covid-19 pandemic are doing more harm than good. Agree or disagree? In either case, use the principles of cost-benefits analysis to rationalize your answer.

III. Give an example from your own experience where a beneficial reform was not implemented or its implementation was needlessly delayed. What were the reasons for not implementing or delaying this reform? Could you think of a commitment technology that was or could have been used to implement the reform? Explain.

IV. Give an example of a free rider in your hometown. Can you think of a way to overcome this problem? What do you think is the appropriate level of government (i.e., local\community, regional\state, national, supranational) to deal with this problem, efficiently? Why?

If you need any additional information or clarification send me an email.