ECONOMICS OF THE PUBLIC SECTOR

Economics of the Public Sector

Lecturer: Natalia V. Rakuta
Class teachers: Natalia V. Rakuta, Natalia A. Khorkina

Course description

This course provides a basis for the economic analysis of public policy issues. It analyzes the role of public sector in the economic system, its functions, management techniques, taxation, public goods provision, methods of efficiency evaluation, fiscal federalism.

The focus of the course is on the main parts of public finance — taxation and government expenditures. Issues related to the role of the state, public choice, management of public assets and liabilities are also examined.

The prerequisites of the course are intermediate microeconomics and macroeconomics, economic policy theory, calculus.

Teaching objectives

The main aim of the course is to develop analytical tools and their application to key policy issues relating to the spending, taxation and financial activities of the government. After studying the course students should know main theoretical concepts and models, be able to analyze the influence of taxation and public spending on the economy, discuss different questions, connected with public sector economics, and solve problems.

Teaching methods

During the course following methods and teaching forms are used:

- Lectures
- Classes
- Tutorials
- Self study tasks
- Writing of the essay.

Student’s self-study includes studying theoretical concepts, reading publications about current economic problems (referred to public sector), solving to homework tasks, and writing the essays.
Assessment

Control takes the following forms:

- written home assignments (4);
- essay (2000 words);
- midterm exam (120 min.),
- final exam (120 min).

Grade determination

Course grade is determined by:

- home assignments (10%);
- class discussions and presentations (10%);
- essay (20%);
- midterm exam (25%);
- final exam (35%).

Main reading


Additional reading


Internet resources and databases


Course outline

1. Equity and Efficiency Principles
   (ST chs. 3, 5; Barr chs. 3, 4, 6; AS ch. 11; CM chs. 1,3; ЯК гл. 1, 3)

2. Market Failure
   (ST chs. 3, 4, 6; AS chs. 1 (§ 1–2), 9, 16; CM chs. 2, 4, 5, 6; ЯК гл. 1, 2)

3. Public Choice
   (ST chs. 7, 8; AS ch. 10; CM chs. 8, 9; ЯК гл. 4, 5)

4. Introduction to Taxation
   Types of taxes. The five desirable characteristics of a tax system. Tax incidence in competitive and monopolised markets. DWL and price elasticity. Equivalent taxes.
   (ST chs. 17, 19; AS chs. 2, 5; CM ch. 10; ЯК гл. 6)
5. Taxation and economic efficiency
(ST ch. 18, 21, 23; AS chs. 6, 7; CM chs. 11, 12, 13; ЯК гл. 7, 8)

6. Optimal Taxation and Tax evasion
(ST chs. 20, 25; AS chs. 12, 14; CM ch. 11; ЯК гл. 9)

7. The Analysis of Expenditure Policy
(ST ch. 10; ЯК гл. 10)

8. Social Insurance, Welfare Programs and the Redistribution of Income
(ST chs. 14, 15; Barr chs. 5, 8, 9, 10, 12; CM chs. 15, 16, 18; ЯК гл. 10)

9. Cost-Benefit Analysis
(ST ch. 10; AS ch. 15; CM ch. 7; ЯК гл. 12)

10. Fiscal Federalism
(ST chs. 26, 27; AS ch. 17; CM ch. 24; ЯК гл. 13)
11. Managing the Public Sector’s Assets and Liabilities


(ST ch. 28; CM chs. 21, 22; ЯК гл. 11)

Distribution of hours

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