

**Course Profile - Department of Economics**

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|---|---|
| Course Number: <b>ECO 321</b>   | Course Title: <b>Public Finance</b>   |
| Required / Elective: <b>Required</b>  | Pre / Co-requisites: None   |
| Catalog Description: The economic role of government. Social goods and market failure. Public provision for social goods. Efficient provision of social goods. Fiscal instruments of distribution policy. Budget process and budget program. Public expenditures: structure and growth. Public budgets and efficiency: expenditure evaluation principles. Principles of taxation. Taxation and equity. Principles of tax incidence and general equilibrium. Personal income tax and taxable income. Corporate income tax and tax base. Consumption and sales taxes. Value added taxation. Property and wealth taxes. Turkish taxation system. Fiscal policy and stabilization. Policy mix and crowding-out. Fiscal stabilization in the open economy. Economics of the public debt.   | Textbook / Required Material :<br>Stiglitz, J. (2000) Economics of the Public Sector<br>W.W. Norton & Company, 1988 |
| Course Structure / Schedule: 3+0+0 / <b>6 ECTS</b>  |   |
| <p>Extended Description :</p> <p>Public economics is the study of the role of government in the economy. This course will thus focus on providing the tools necessary to analyze specific areas of public economics and to answer questions on the economic rationale of governments, the ways in which governments affect economic outcomes. The coverage of the course extends to the ways in which governments spend their budgets, including spending on education, health care, social security and social assistance for the poor.</p> <p>Week</p> <p>1 Ch 1: Public Sector in a Mixed Economy<br/> 2 Ch 3: Market Efficiency<br/> 3 Ch 5: Efficiency and Equity<br/> 4 Ch 6: Public Goods, Publicly Provided Private Goods<br/> 5 Ch 7: Public Choice<br/> 6 Ch 9: Externalities and the Environment<br/> 7 Mid-term exam review, Mid Term<br/> 8 Ch 17: Introduction to Taxation<br/> 9 Ch 18: Tax Incidence<br/> 10 Ch 10: Analysis of Expenditure Policy<br/> 11 Ch 10: Analysis of Expenditure Policy<br/> 12 Ch 11: Cost-Benefit Analysis<br/> 13 Social Policy and Public Expenditures<br/> 14 Social Policy and Public Expenditures</p> |   |
| Design content : None   | Computer usage: Not necessary   |
| <p>Course Outcomes: [relevant program outcomes in paranthesis]:</p> <p>By the end of this course, students will be able to:</p> <ol style="list-style-type: none"> <li>1. Explain key economic concepts and how they can be used to understand current policies of</li> </ol>   |   |

- public finance
2. Summarize a current controversy in an area related to public economics.
  3. Locate and summarize research on public finance.

Recommended reading: None

Teaching methods: Lecture

Assessment methods:

Attendance and class participation: 15 %

Assignments: 30%

Midterm: 25 %

Final Examination: 30 %

#### Contribution of Course Learning Outcomes to Program Outcomes

|    | Program Outcomes   | Level of Contribution* |   |   |   |   |
|----|--|------------------------|---|---|---|---|
|    |  | 1                      | 2 | 3 | 4 | 5 |
| 1  | To comprehend fundamental economic concepts, to be able to utilize those in main economic problems, avoid mistakes as employee, employer, consumer and citizen due to common misconceptions regarding fundamental economic concepts  |                        |   |   |   | x |
| 2  | To comprehend growth, inflation, interest rates, foreign exchange rates, foreign investments and foreign trade in Turkish economy  |                        |   |   |   |   |
| 3  | Acknowledging that there exist different schools of thought in the discipline of economics and appreciating, for example, that there may be differences of opinion about the role of the state in economic life  |                        |   |   |   | x |
| 4  | Understanding the set/matrix of relations in the global world economy and the role of international organizations within these relation; and also analyzing the costs and benefits of mutual dependence among countries.   |                        |   |   |   |   |
| 5  | Apprehending the professional and ethical responsibilities, recognizing the importance and implications of occupational security   |                        |   |   | x |   |
| 6  | Apply statistical methods, calculus and similar methods in data analysis, Comprehend problems on humanities and social sciences and make inferences on solutions   |                        |   | x |   |   |
| 7  | Recognize the diversity in cultures, belief systems and life styles, question information using logical induction and deduction  |                        |   |   |   |   |
| 8  | Ability to model the equilibrium dynamics in markets, analyze, abstract, synthesize and interpret information  |                        |   |   | x |   |
| 9  | The ability to work, take initiative and lead in multidisciplinary teams   |                        | x |   |   |   |
| 10 | Effective communication skills by using written, verbal and visual tools   |                        |   | x |   |   |
| 11 | The ability to recognize life long education and participate in it as a student as well as an educator   |                        |   |   |   |   |
| 12 | Preparing reports which evaluate the economy on sectoral and macro bases; assessing critically the publications related to the economy; being capable of identifying the dynamics of and following the developments in the market, stock exchange markets, exchange rate markets, supply and |                        |   |   |   | x |

|  |  |                        |  |                            |   |  |
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|  | demand; collecting and analyzing data on different fields of economics and interpreting them using statistical and econometric techniques and required software programs; equipping with good skills of presenting the findings; efficient note taking; asking the necessary questions to achieve, utilize and transfer information. |                        |  |                            |   |  |
| 13   | Apprehending the role and importance of environment and environmental sustainability   |                        |  |                            | X |  |
| Level of Contribution* 1= Least 5 = Highest                      |  |                        |  |                            |   |  |
| Student Workload/ECTS (European Credit Transfer System) Tableau: |  |                        |  |                            |   |  |
| Activity:  | Number:  | Total Workload (hour): |  |                            |   |  |
| Pre-class Reading  | 14   | 30                     |  |                            |   |  |
| Lectures   | 14   | 45                     |  |                            |   |  |
| Reading  | 14   | 40                     |  |                            |   |  |
| Assignments  | 8  | 30                     |  |                            |   |  |
| Examinations   | 2  | 5                      |  |                            |   |  |
| <b>TOTAL 150/25 = 6 ECTS</b>                                     |  |                        |  |                            |   |  |
| Prepared by : SR   |  |                        |  | Revision Date : 18.02.2010 |   |  |