OSTIM TECHNICAL UNIVERSITY
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES
ECONOMICS DEPARTMENT
COURSE SYLLABUS FORM
2021-2022 SPRING

ECON 216 PUBLIC FINANCE							
Course Name	**Course Code**	**Period**	**Hours**	**Application**	**Laboratory**	**Credit**	**ECTS**
Public Finance	ECON 216	4	3	0	0	3	4

Language of Instruction	English
Course Status	Compulsory
Course Level	Bachelor
Learning and Teaching Techniques of the Course	Lecture, Question-Answer, Problem Solving
Class Time/Classroom	Mondays 14:00-16:50 / 351
Instructor	Dr. Gülay Elif Yıldırım
Office	9th Floor, 913
E-mail	gulayelif.yildirim@ostimteknik.edu.tr
Office Hours	11:00-13:30 on Mondays and by e-mail
Teaching Assistants	If Applicable) Huzeyfe Erkam Candan (huzeyfe.candan@ostimteknik.edu.tr) Office Hours: By e-mail

Course Objective
Public Finance is the field of economics that focuses on government's role in the allocation of real resources - that includes, but is not limited to, taxing and government spending. Under that framework, the main goals of this course are to develop an understanding of the role of government in the economy, why and how the government may intervene in the economy, and to study the effect of government expenditure programs and taxation systems on the welfare and behavior of citizens. This course will include an analysis of the theoretical bases that guide government intervention in the economy; the discussion of a range of issues in public finance with a focus on current policy debates; and the presentation of empirical methods used in economics to evaluate the effect of public policies.

Learning Outcomes
The students who become successful in this course will be able;   • to explore the role of the government in the economy,   • to understand how the government generates revenue from various sources – tax revenue and non-tax revenue,   • to comprehend how government's taxation and spending policy can affect citizens' behavior and welfare,   • to learn the basic concepts for positive analysis; causation versus correlation, regression analysis to estimate the relationship between two variables as well as the basic concepts for normative analysis; welfare economics, the concept of Pareto-efficiency and Pareto efficient allocation,   • to have a basic understanding about public/private goods, positive/negative externalities and cost-benefit analysis,   • to understand how to apply economic principles to the analysis of political decision making,   • to learn the main theories of public finance.

Course Outline
The course starts with an introduction to the role of public sector, i.e. the role of government in the economy and continues with a focus on how government's taxation and spending policy can affect citizens' behavior and welfare. Afterwards, basic concepts for positive analysis are introduced followed by the basic tools of normative analysis. Difference between public goods and private goods together with the concept of positive versus negative externalities are to be examined. Political economy which covers applying economic principles to the analysis of political decision making is introduced. Then cost-benefit analysis followed by health care market, government's role in health care, education and social security systems are to be completed before the mid-term exam. After the midterm exam, taxation, efficiency and income distribution concepts are examined extensively under the framework of the main public finance theories.

Weekly Topics and Related Preparation Studies		
Weeks	Topics	Preparation Studies
1	Introduction (Rosen&Gayer, Chap.1)	− public finance and ideology − government at a glance − doing research in public finance
2	Tools of Positive Analysis Tools of Normative Analysis (Rosen&Gayer, Chaps.2&3)	− causation versus correlation − experimental studies/observational studies/quasi experimental studies − welfare economics − first fundamental theory of welfare economics − second fundamental theory of welfare economics − market failure

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3	Public Goods Externalities (Rosen&Gayer, Chaps.4&5)	− public goods − efficient provision of public goods − privatization − public goods/public choice − nature of externalities − private responses − public response to externalities − positive externalities
4	Political Economy (Rosen&Gayer, Chap.6)	− direct democracy − representative democracy − explaining government growth
5	Cost-Benefit Analysis (Rosen&Gayer, Chap.8)	− present value/internal rate of return, benefit-cost ratio − private sector project evaluation − choosing the right discount rate − shadow prices/market imperfections − consumer surplus − nonmarket commodities
6	Health Care Market Government and the market for the health care (Rosen&Gayer, Chaps.9-10)	− role of insurance and risk pooling − insurance and moral hazard − externalities of health care − paternalism − private health insurance − retrospective versus prospective payment system
7	Education Social Security (Rosen&Gayer, Chaps. 7-11)	− justifying government intervention in education − what can government intervention accomplish? − New directions for public education − Why have social security? − Structure of social security − Effects of social security on economic behavior − Long term stresses on social security
8	**MIDTERM EXAM**	

9	Income Redistribution: Conceptual Issues (Rosen&Gayer, Chap. 12)	– Distribution of income – Rationales for income redistribution – Expenditure incidence
10	Taxation and Income Distribution (Rosen&Gayer, Chap.14)	– tax incidence – partial equilibrium models – general equilibrium models
11	Taxation and Efficiency (Rosen&Gayer, Chap.15)	– excess burden – excess burden measurement with demand curves – differential taxation of inputs – does efficient taxation matter?
12	Efficient and Equitable Taxation (Rosen&Gayer, Chap.16)	– optimal commodity taxation – optimal user fees – optimal income taxation – politics and time inconsistency problem – other criteria for tax design
13	The Personal Income Tax (Rosen&Gayer, Chap.17)	– defining income – excluded forms of money income – exemptions and deductions – rate structure – taxes and inflation – the alternative minimum tax
14	Personal Taxation and Behavior (Rosen&Gayer, Chap.18)	– labor supply – saving – housing decisions – portfolio composition
15	The Corporation Tax Deficit Finance (Rosen&Gayer, Chaps.19-20)	– why tax corporations? – Incidence and excess burden – Effects on behavior – State corporation taxes – Taxation of Multinational Corporations – How Big is the debt? – The burden of the debt – To tax or to borrow?
16	**FINAL EXAM**	

Textbook(s)/References/Materials:
Textbook: Public Finance, 10th Global Edition, by Harvey S. Rosen and Ted Gayer Rosen, Mc Graw Hill Education, January 2014

Assessment		
Studies	**Number**	**Contribution margin (%)**
Attendance		**5**
Lab		
Class participation and performance		
Field Study		
Course-Specific Internship (if any)		
Quizzes / Studio / Critical		
Homework	**4**	**15**
Presentation		
Projects		
Report		
Seminar		
Midterm Exam/Midterm Jury	**1**	**30**
General Exam / Final Jury	**1**	**50**
Total		**100**
Success Grade Contribution of Semester Studies		**50**
Success Grade Contribution of End of Term		**50**
Total		**100**

ECTS / Workload Table			
Activities	**Number**	**Duration (Hours)**	**Total Workload**
Course hours (Including the exam week): 16 x total course hours)	16	3	48
Laboratory			
Application			
Course-Specific Internship (if any)			
Field Study			
Study Time Out of Class	16	1	16
Presentation / Seminar Preparation			
Projects			
Reports			
Homework	4	4	16
Quizzes / Studio Review			
Preparation Time for Midterm Exams / Midterm Jury	1	20	20
Preparation Period for the Final Exam / General Jury	1	20	20
Total Workload		**(120/30 = 4,00)**	**120**

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Course' Contribution Level to Learning Outcomes						
Nu	**Learning Outcomes**	**Contribution Level**				
		1	**2**	**3**	**4**	**5**
LO1	to explore the role of the government in the economy					X
LO2	to understand how the government generates revenue from various sources, i.e. tax revenue and non-tax revenue					X
LO3	to comprehend how government's taxation and spending policy can affect citizens' behavior and welfare					X
LO4	to learn the basic concepts for positive analysis; causation versus correlation, regression analysis to estimate the relationship between two variables as well as the basic concepts for normative analysis; welfare economics, the concept of Pareto-efficiency and Pareto efficient allocation					X
LO5	to have a basic understanding about public/private goods, positive/negative externalities and cost-benefit analysis					X
LO6	to understand how to apply economic principles to the analysis of political decision making					X
LO7	to learn the main theories of public finance					X

Relationship Between Course Learning Outcomes and Program Competencies (Department of Economics)									
Nu	**Program Competencies**	**Learning Outcomes**							**Total Effect (1-5)**
		LO1	**LO2**	**LO3**	**LO4**	**LO5**	**LO6**	**LO7**	
1	Know the basic concepts used in economics, the relations between concepts, economic theories, the functioning mechanisms of the economy and the development processes of economies over time.			x	x		x		5
2	Know how to obtain economic data and the research methods for processing and evaluating the obtained data by using various computer programs when necessary.				x				4
3	Follow current developments in national and international macroeconomic conjuncture and world economic relations and can suggest economic policies to be used in case of economic problems.	x		x		x	x		5
4	Acquire the capacity to conduct individual research on the field, interpret the results, and compare them with theoretical propositions.				x			x	4
5	Scrutinize and interpret all kinds of knowledge in the field of economics, including theoretical and statistical information, through analysis within the framework of cause-effect relationships.				x		x		4
6	Present solutions and opinions about the problems analyzed by supporting them with qualitative and quantitative data, use an analytical language, and				x				3

	support the used approach with visual and graphical materials.										
7	Gain advanced skills in software and programming languages that assist analysis in the econometric field and can adapt to new software and programming languages										
8	Support the acquired theoretical knowledge of economics with econometric and statistical calculations, analyze and evaluate phenomenon using software and programming languages within the framework of analytical thinking.										
9	Develop the ability to analyze unexpected and complex problems to be encountered during professional practice, can take responsibility as an individual or team member for solving the problem, and take initiative when necessary.										
10	Develop critical thinking and produce solutions on policy issues by adapting the theoretical and analytical knowledge to different conceptual frameworks.								x	x	5
11	Exhibit approaches that will adapt to the speed of globalization, innovations and technological developments.										
12	Having an entrepreneurial spirit, develop original and innovative ideas, solution proposals and assume responsibility.										
13	Pay maximum attention to social responsibilities, ethical sensitivities and legal framework in theoretical and practical studies.										
14	Communicate with peers, colleagues, co-workers, employees and managers with common sense, empathy and situational awareness.										
15	Communicate effectively with colleagues, senior managers and the market, both in mother tongue and in at least one foreign language (English).										
Total Effect											30

Policies and Procedures
Exams: The exams aim at assessing various dimensions of learning: knowledge of concepts and theories and the ability to apply this knowledge to real world phenomenon, through analyzing the situation, distinguishing problems and by suggesting solutions. The written exams will be in the form of problems or multiple-choice questions. Exams are composed of a final exam comprising 50% of the student's grade and a mid-term exam, with %30 weight. The rest of the grade comes from homeworks and attendance, shown in the assessment table included in this syllabus. The Department of Economics does not tolerate any act of academic dishonesty. Examinations are individual and must be completed without any outside assistance. Students who attempt to cheat during exams will receive a failing grade from that exam. The case could also be carried to the Dean's Office for additional disciplinary action. Homeworks, with weight %15, are also individual and any kind of cheating will not be tolerated.
Missed exams: Any student missing an exam needs to bring an official medical report to be able to take a make-up exam.
Attendance: Attendance requirements are announced at the beginning of the term. Student are usually expected to attend at least 70% of the classes during each term and 10% of the assessment will come from attendance, shown in the assessment table included in this syllabus.
Objections: If the student observes a material error in his/her grade, he/she has the right to place an objection to the Faculty or the Department. The claim is examined and the student is notified about its outcome.