

Course “Public finance”

The volume of the course 3 ECTS 32 academic hours

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This course examines: the role of government in the economy. The course concludes with an in-depth analysis of taxation (both direct and indirect) and its impact on the economy and focuses on government spending, design of public policy and the scope. This course provides a broad, up-to-date introduction to the economic analysis of public policy issues and limitations of public economic policy.

COURSE PLAN

1 Topic. **The nature of public finance.**

- Economic actors and institutions. The state and the economy.
- Market efficiency and market failure.
- Role of government.
- The rationale for state intervention.
- The nature, magnitude, and quality of public sector interventions: defining the responsibilities and measuring the size of the public sector.
- Public goods.
- Public sector governance structures.

Type of class: 4 hours lecture

2 hours discussion

2 Topic. **Public Expenditure and Budgeting.**

- Administrative, political, and economic constraints in designing and implementing public finance reforms.
- The role of budgeting in managing public sector organizations.
- Performance evaluation in public sector.
- The nature of state intervention.

Type of class: 2 hours lecture

1 hour discussion

3 Topic. **Public Resource Mobilization. Taxation**

- Economics of taxation.
- Taxation of income and wealth.
- Taxation of consumption.
- Taxation and the environment.
- Taxation and natural resources.
- Tax incentives.

- Country cases and cross-country comparative studies.

Type of class: 4 hours lecture

1 hour practical task

2 hours discussion

3 Topic. **Analysis of government policy and impact of taxation** □ Efficiency and equity.

- tax policy and its impact on individuals and companies.
- Optimal taxation and tax evasion.
- Competition and economic efficiency.
- Competition policy, prevention of anti-competitive practices □ Price and entry regulation.
- Public enterprise and ownership.

Type of class: 2 hours lecture

1 hour practical task

1 hour discussion

4 Topic. **Welfare analysis and social insurance** □

Market failure and social insurance.

- The pensions "crisis" and savings policy.
- Education policy.
- Health systems and state policy.
- Government and labor markets. Welfare-to-work schemes on unemployment □
- Economic policy and planning.
- Reforming welfare systems.
- Tax incentives and investment, including cross-border investment
- Country cases and cross-country comparative studies.

Type of class: 4 hours lecture

2 hours practical task

5 Topic. **Intergovernmental Fiscal Relations and Local**

Government Finance □ The concept of fiscal decentralization and budget federalism.

- Fiscal decentralization.
- Division of responsibilities between federal, regional, and municipal authorities.
- Local government financing.
- Optimal taxation and tax evasion.

Type of class: 2 hours lecture

2 hours discussion

6 Topic. **Rethinking the scope of government** □

Government social protection policies.

- Private Sector Participation/Public-Private Partnerships in Production and Provision (PSP/PPP).
- Fiscal decentralization.
- Social entrepreneurship.
- State regulation policy and scheme: financial and administrative levers.

Type of class:

2 hours practical task & discussion

Literature:

1. World Development Report (1997), Ch. 1, “The Evolving Role of the State,”
2. Blank R.M. (2000), When Can Public Policy Makers Rely on Private Markets? *Economic Journal*, Vol. 110, No. 462, p. 34-49.
3. Jonathan Gruber (2011) *Public Finance and Public Policy*, 3rd edition, Worth Publishers,
4. Nicholas Barr (2012) *The Economics of the Welfare State*, (5th ed.), Oxford University Press,.
5. Tanzi V., Schuknecht L. (2000), Public Spending in 20-th Century: A Global Perspective. N.Y.: Cambridge University Press
6. Martin R., Kitson M., Tyler P., *Regional Competitiveness*. UK: Routledge, 2006.
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8. Региональная экономика. Учебник для вузов.. Под ред. В.И.Видяпина, М.В.Степанова. Москва: ИНФА-М, 2002. Sepic, D. (2004). *The Regional Competitiveness: Some Notions*. RECEP,s Reports. Moscow: The Russian–European Centre for Economic Policy. 2004. Nr.2. P. 5–45.
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10. Robbins L., Robbins B. The evolution of modern economic theory: and other papers on the history of economics thought, New Brunswick; London: Aldine Transaction, 2007
11. *The Global Competitiveness Report*
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13. Никитина Н.И., Патрон П.А. Макроэкономика-1: Учебное пособие. Экономический факультет МГУ им. М.В.Ломоносова, Москва, 2016

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15. Хубиев К.А., Титова Н.И., Киреев А.В. Макроэкономика. Методическое пособие для преподавателей и студентов. М.: ТЕИС, 2014.