

American University of Central Asia

“Economics of the Public sector” (3 credits)

ECO 408 01872

Prerequisites: ECO 121

Spring 2014

Instructor: Gulnara N. Nurieva

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Schedule: W 15.35 room 1/324

Th 15.35 room 1/324

Office Hours: by appointment

Literature:

Compulsory academic literature:

1. Joseph E. Stiglitz. “Economics of the Public Sector”. Princeton University. W.W. Norton & Company.

Additional academic literature:

1. John L. Mikesell. “Fiscal Administration. Analysis and Applications for the Public Sector”. Indiana University.
2. Richard A. Musgrave, Peggy B. Musgrave. “Public Finance in theory and practice”. Fifth Ed.

Course Description: At the center of country’s political life are some basic economic questions: How does the government affect the economy? What should the government do? Why are some economic activities undertaken in the public sector and others in the private? Should government do more than it is currently doing, or less? Should it change what it is doing, and how it is doing it? Studying Economics of the Public Sector allows answering these and other questions. As a result you may have the opportunity to become more prepared to run household activities, become more informative electors, and essentially improve your analytical skills.

Course Goals: The goal of the course is to help students to acquire fundamental knowledge, offered by Economics of the Public Sector; to prepare students to learn even more complicated economic and business disciplines, to use them in understanding real events, political issues, and to apply them into practice.

Course Outline:

Week	Themes	Reading
1	Syllabus Review. Course overview. Introduction.	1
2 - 3	The Economic Rational for Government Activity.	3
4	The Economic Functions of Government. The Public Sector in the USA.	2
5	Welfare Economics: Efficiency and Equity. Quiz 1.	4
6	<u>Public Expenditures.</u> Public Goods and Publicly Provided Private Goods. Externalities.	5, 8
7	Public Choice.	6
8	Public Production and Bureaucracy.	7
9	Midterm Exam	
10	The Analysis of Expenditure Policy. Cost – Benefit Analysis.	9, 10
11	Presentations of papers: Expenditure Programs in Kyrgyzstan.	Handouts
12	<u>Government Revenues.</u> Taxation. Incidence of Taxes.	16, 17
13	Optimal Taxation. Quiz 2.	20
14	<u>Budget Deficits.</u> Deficits and Public Debt. Deficits and Economic Growth.	28, Handouts
15	Presentations of papers.	Handouts
16	Final Exam	

Note: You will be informed about probably changes in advance.

Grading:

- Midterm Exam – 30
- Final Exam - 45
- Quiz 1, 2 – 5, 5
- Paper and presentation – 10 and 6
- Bonus points: class attendance (seminars) – 3
active participation - 2

Grading Scale:

A	A-	B+	B	B-	C+	C	C-	D	F
More 85	80 -84	75-79	70-74	65-69	60-64	55-59	50-54	45-49	less than 45

Course Requirements:

- ✓ If you miss an exam because of an emergency or any predictable reasons, you will have a possibility for testing in appropriate time. For other cases the additional tests are not provided with, you will get a **zero**.
- ✓ This course will be conducted mostly as a seminar: discussion will replace lectures as much as possible. Therefore, it is essential that you attend class and come prepared.
- ✓ Quizzes will be done at the seminars. They are aimed at controlling of preparation to the lessons and a complexity of learning.
- ✓ The criteria of grading your active participation depend on your activity, preparation of homework, presentation.
- ✓ You are expected to complete a paper of 10 – 12 pages in length, including cover, contents and bibliography. I will add 2 points for paper passing before deadline, but I will subtract one point a day for late paper. Details will be provided in a separate handout.
- ✓ Presentation of the Paper: relevant content – 3
PowerPoint presentation – 1
Good eye contact with the audience – 1
Ability to answer to relevant questions – 1
- ✓ If you miss the seminar (except for the first week), one point of the three (class attendance) will be failed.

Academic dishonesty:

You will get a zero for any tasks and exams if it is marked with a dishonest behavior.

I wish you a successful semester and GOOD LUCK!