

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
S. Kuznets Kharkiv National Economic University


" APPROVED "
Deputy Head
(vice-rector on educational and methodical work)
" " 2021year

PUBLIC SECTOR ECONOMICS
WORK PROGRAM FOR STUDENTS

Branch of knowledge **all branches of knowledge**
Specialty **all specialties**
Educational level **first (bachelor's)**
Educational program **all**

Type of discipline **selective**
Teaching and evaluation language **English**

The head of the department of economic theory
and economic policy



M. A. Mashchenko

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S.Kuznets KhNEU
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The syllabus has been approved by the Department of Economic Theory and Economic Policy

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Developers:

M. Mashchenko Doctor of Science in Economics associate professor Economic Theory and Economic Policy Department

O. Klimenko, PhD in Economics, associate professor Economic Theory and Economic Policy Department

T. Cherkashyna, PhD in Economics, associate professor Economic Theory and Economic Policy Department

**Letter of renewal and re-approval
work program of academic discipline**

Academic year	Date of the session of the department	Protocol number	The signature of the head of the department

1. Introduction

Annotation of the discipline:

The academic discipline "Public Sector Economics" is a systematic presentation of knowledge accumulated by humanity on welfare and public choice issues, taxation and public expenditure programs; the question of choosing directions and forms of state intervention in the economy, assessing their effectiveness; problems of regional budgeting.

The economy of the public sector combines state regulation of institutions society and man. Of particular importance is the economy of the public sector in Ukraine, where the need to combine state and market regulation of the economy, the priorities of the real sector of the economy. The social role of the state can not be weakened due to the need to increase spending on social needs: education, medicine, science, and culture. The communication system of the state, person, and society is the most complicated theoretical and practical problem of increasing the efficiency of the economy of the public sector.

The urgency of studying the discipline "Public Sector Economics" in Ukraine is based on the need for the final formation and further development of the national socio-economic model.

Purpose of the discipline:

the formation of a holistic philosophy of masters and systems thinking about the economy of the public sector, the ability to use the obtained theoretical knowledge and professional competence in practical and scientific work.

Course	4	
Semester	1	
Credits ECTS	5	
Audit lessons	lectures	20
	workshop, practical	8
	laboratory	12
Independent work		110
Form of final control	credit	

Structural-logical scheme of studying the discipline:

Previous disciplines	The following disciplines
Political Economy	All disciplines of professional and practical cycle
Macroeconomics	
Microeconomics	
Institutional Economics	
Economic comparativist	
Social economy	
Probability Theory and Mathematical Statistics	

Competence and results of studying in a discipline

Competence	Learning outcomes
To substantiate the significance of the analysis of measurement and evaluation of the dynamics of public welfare.	Ability to determine the effectiveness of implementing social programs.
Analyze the advantages and disadvantages of external effects.	Ability to explore the main options for cost-result calculations, use macroeconomic and industry approaches.
Ability to evaluate public expenditure financing.	Ability to analyze the tax burden.
To follow external and internal liabilities and debts of the state.	Ability to analyze debt financing of public expenditures; to make grounded conclusions about the sustainability of public debt.

2. The Curriculum Program

Theme 1. Public welfare

1.1. The basic concepts of well-being. Efficiency. The first and second well-being theorems. Market failures and government intervention. The approach is the second best solution. Justice and inequality. An unholy distribution and theorem of the tenth commandment.

1.2. The function of public welfare. Empirical Approaches to the Assessment of Welfare (Structural, Indicative, Sufficient Statistics). Aggregation of benefits and the existence of a representative agent.

1.3. Aggregation of goods and individuals. Theorem on composite good. Conditions of existence of a representative agent for households and firms. Public welfare and consumption. Jorgenson's approach. The National Income Theorem.

Practice session. Group work to determine the Pareto, Kaldora-Hicks criteria.

Laboratory training. Measurement of welfare change in models with partial and general equilibrium.

Theme 2. Optimal taxation

2.1. Indirect Taxation. Measuring losses from indirect taxation. Reverse Elasticity Rule. Compensation for vulnerable groups. Impact of indirect taxation on resource allocation.

2.2. Direct taxation. Impact of income tax on labor supply. Nonlinearity of optimal taxation of labor income. Zero boundary tax rate. Policies to stimulate entry into the labor market (negative income tax, tax credit).

2.3. Tax evasion Evasion and avoidance. Hypotheses on the behavior of the taxpayer (rational offender Becker, control of Gordon's third party, social contract). Optimal tax administration and optimal taxation in tax evasion. Weight management and probability of punishment. The theory of social contract: the relationship of tax discipline and the quality of the institutional environment. Differences in the fiscal capacity of countries. Scandinavian phenomenon and low harvesting in developing countries.

Laboratory training. Demonstration of the Mirrlis-Diamond lemma and the rules of Corlett-Haig

Practical lesson (Case Stage) is a group work to determine the Ramsey principle. The existence of non-taxable benefits. Fairness of Indirect Taxation by Ramsey.

Laboratory training. Methods of measuring the amount of tax evasion (extrapolation based on random selection, search of correlated indicators).

Theme 3. The expediency of public expenditure

3.1. Market failures and the need for public spending. Public goods. Positive economies of scale. Subsidies and component pricing. External effects. Education and health.

3.2. Asymmetry of information. Credit constraints and incompleteness of markets. Support for entrepreneurship and compulsory insurance.

Workshop (Discusia-game). Talking of Hottelyng - Coase - Vikram.

Laboratory training. External effects.

Theme 4. Evaluation of the effectiveness of public spending

4.1. The concept of efficiency of public spending. Cost-benefit analysis: limitations and opportunities.

4.2. Macroeconomic approach. Discussion of the public discount rate. Risk premium in government projects: Arrow – Linda theorem.

4.3. Sectoral approach. Measuring the efficiency of public spending: the method of stochastic boundaries, the method of the bypass line.

Laboratory lesson. Definition of macroeconomic approaches of Marglin-Feldstein, Harberger, Diamond-McKean.

Practical lesson (Case study, brainstorming). Disputes about the multiplier of fiscal policy.

Laboratory lesson. Measuring the efficiency of public spending by stochastic border and bypass methods.

4. Methods of assessment

The system evaluating the competences received by a student takes into account classes, which include lectures, seminars, practical studies and performing independent work according to the syllabus of the academic discipline.

Evaluation of the student's competences is carried out on the cumulative 100-point system. According to the Provisional Regulations "On the procedure of the assessment of students' performance via the accumulative score-rating system" approved by S. Kuznets KhNUE, control measures include:

current control which is exercised over the semester during lectures, practical classes, seminars and evaluated by the sum of the points scored (maximum amount is 60 points; minimum amount that allows students to pass the exam is 35 points);

module control which is performed on the basis of current control during the respective module and aims to make an integrated assessment of the student's knowledge after studying a logically completed part of the discipline – the content module;

final/semester control which is performed in the form of exam, according to the schedule of the educational process.

Current control over this discipline is conducted in the following forms: active work at lectures;

active participation in performing practical tasks;

active participation in the discussion and presentation of materials at seminars;

practice tests;

a written test paper.

Module control of this discipline is conducted in the form of a colloquium. **Colloquium** is a form of verification and assessment of students' knowledge in the system of education in higher education institutions. Conducted as an intermediate mini-exam on the teacher's initiative.

The procedure of current control. The assessment of students' knowledge at seminars and practical lessons and performance of individual tasks is based on the following criteria:

understanding, the level of learning the theory and methodology of examined problems;

the level of learning the facts concerning the academic discipline;

acquaintance with the recommended up-to-date literature, Internet sources on the given questions;

the ability to combine theory with practice when solving realistic problems, performing tasks, making calculations for individual work and collective disputes.

The total score for writing the control module consists of the accumulated points for all tasks that are rounded to the integer number by the mathematical rules. The maximum score that a student can receive for all tasks equals 6, including 2 points per each task.

The maximal possible score is given if every task performed by a student or his/her verbal answer meets all the noted requirements. Absence of any constituent reduces the mark by a proper number of points. In the evaluation of individual tasks, the quality, independence and timeliness of presenting the performed tasks to a lecturer (according to the schedule of the educational process) are taken into consideration. If any of the requirements are not met, the mark can be decreased. Evaluation criteria of a student's individual work. The general criteria of the evaluation of out-of-class independent work are: the depth and strength of knowledge, the level of thinking, the ability to systematize knowledge of certain themes, to make informed decisions, skills and techniques of solving practical problems, the ability to find the necessary information, perform its classification and processing.

Student gets admission to participate in the final control (exam) in the case of a control during the current total points no less than 35 points (defined as the sum of the lowest satisfactory assessments in all forms of current control).

Conducting the final written exam. The condition for admission to the exam is minimally sufficient amount of scores obtained from the current module control knowledge.

Final control is an exam for students with the aim of assessment of mastery of knowledge by volume, quality and depth, as well as the abilities and skills to apply this knowledge in practice according to the model of professional competence.

The maximum number of scores that a student can receive for examination is 40, the minimum credited is 25. In total with 60 scores of current control it is accrued maximum scores

– 100 per semester.

In conducting the exam of academic discipline the exam paper consists of five practical orientation tasks of different levels of complexity in order to check students' abilities and skills to apply this knowledge in practice, namely a stereotypical task, two heuristic and two diagnostic tasks. All tasks are created due to the program of academic discipline.

Each task envisages demonstrating a certain level of student mastery of the competencies of theoretical, practical, scientific and analytical nature.

Within own the necessary competences of each task is estimated to a certain number of scores according to their level of complexity, which is the total number up to 40 points.

The exam is carried out in a written form by the exam papers. Exam paper consists of five tasks.

A student passes the academic discipline successfully if the total score obtained according to the results of the final/semester exam equals 100.

The minimal score for the current and module control and exam during the semester is 60. The maximum number of points that a student can accumulate in the course of study is shown in Tables 4.1.

Table 4.1

Distribution of points after weeks

Themes and weeks		Seminars	Practice session	Report	Colloquium	Home tasks	Total	
Content module 1	Theme 1	Week 1	2				2	
		Week 2	2			2	4	
	Theme 2	Week 3	4		2	4	4	
	Theme 3	Week 4		4		2	6	
	Theme 4	Week 5		1			2	3
		Week 6		1				1
	Theme 5	Week 7			1	6		7
		Week 8					1	1
Content module 2	Theme 6	Week 9		2		2	2	
		Week 10		2			2	
	Theme 7	Week 11		2	1		1	4
		Week 12		2				2
	Theme 8	Week 13		2			2	4
		Week 14		2				2
	Theme 9	Week 15		2			2	4
	Theme 10	Week 16				6		6
Total		8	18	4	12	18	60	
Exam							40	
Sum		8	18	4	12	18	100	

Final control is an exam for students of all specialties with the aim of assessment of mastery of knowledge by volume, quality and depth, as well as the abilities and skills to apply this knowledge in practice according to the model of professional competence which is common during learning the academic discipline.

The final mark for the academic discipline based on the Principles of transference of university characteristics of students' progress into the system of the ECTS scale is converted into the final ECTS figure according to the temporary statement about students' evaluation by the cumulative system of Simon Kuznets Kharkiv National University of Economics (Table 4.2).

Table 4.2

Evaluation scale: national and ECTS

The sum of points for all of the types of the educational activity	ECTS mark	Assessment on the national scale	
		for the examination, course project (works), practice	for a test
90 – 100	A	excellent	passed
82 – 89	B	good	
74 – 81	C		
64 – 73	D	satisfactory	
60 – 63	E	unsatisfactory	not passed
35 – 59	FX		
1 – 34	F		

5. Recommended literature

Main

1. Hindriks J., Myles G. D. Intermediate public economics. Ch. 14 // The MIT Press, 2006.
2. Piketty T, Saez E. Optimal Labor Income Taxation. Handbook of Public Economics (Ch.7) // Elsevier. -Volume 5 - 2013.
3. Tresch R. W. Public Finance: A Normative Theory (Ch. 1, 2, 3, 4) // Elsevier, 2002.

Additional

4. . Кліменко О. М. Соціальна економіка: навч. посіб. / О. М. Кліменко, М. А. Мащенко. – Харків : Вид. ХНЕУ, 2013. – 180 с.
5. Колесніченко І. М. Теоретичні засади нейтралізації провалів та відновлення ефективності інституту держави в Україні // Бізнес-інформ–2015.– № 4. – 342 с. – С.8-12.
1. Коэулл Ф. Микроэкономика: принципы и анализ (пер. с англ.) (Гл.5, 6, 9 и 13)// М.: Изд-во «Дело» АНХ, 2011.
7. Макроекономіка. Навчальний посібник / О. М. Кліменко, О. М. Крюкова, В. М. Філатов та ін. : Під заг. ред. О. М. Кліменко. –Харків: Изд-во «Инжэк», 2011. – 250 с.

8. Попов О. Є. Мікроекономіка : навчально-практичний посібник для самостійного вивчення дисципліни / О. Є. Попов, В. І. Отенко, І. М. Колесніченко та ін. ; за заг. ред. докт. екон. наук, доцента О. Є. Попова. – Х. : Вид. ХНЕУ, 2013. – 336 с.

9. Besley, T., Persson T. Why Do Developing Countries Tax So Little? *Journal of Economic Perspectives*. - 28 (4). - 2014. –P. 99-120.

10. Chetty R., Looney A., Kroft K. Salience and taxation: theory and evidence // *American Economic Review*. - 99(4). -2009. – pp. 1145-77.

11. Feldstein M. Effects of Taxes on Economic Behavior // NBER working paper №13745, 2008.

12. Kleven, H. J. How Can Scandinavians Tax So Much? // *Journal of Economic Perspectives*. - 28(4). -2014. – P. 77-98.

Information resources

Антимонопольний комітет України [Електронний ресурс]. – Режим доступу : <http://www.amc.gov.ua/amku/control/main/uk/index>.

Державна служба статистики України [Електронний ресурс]. – Режим доступу : <http://www.ukrstat.gov.ua/>.

Міністерство доходів і зборів України [Електронний ресурс]. – Режим доступу : <http://minrd.gov.ua/ru/>.

Міністерство фінансів України [Електронний ресурс]. – Режим доступу : <http://www.minfin.gov.ua/>.

Статистика України : науковий журнал [Електронний ресурс]. – Режим доступу : www.ukrstat.gov.ua.