

<b>Identification</b>	<b>Subject</b>	<b>ECON 440 Public Finance – 3KU credits (6ECTS)</b>	
	<b>Program</b>	Undergraduate	
	<b>Department</b>	Economics and Management	
	<b>Term</b>	Fall, 2024	
	<b>Instructor</b>	Ingilab Ahmadov	
	<b>E-mail</b>	ingilab@khazar.org	
	<b>Classroom/hours</b>		
	<b>Office hours</b>	By appointment	
<b>Prerequisites</b>	ECON 203 Microeconomics		
<b>Language</b>	English		
<b>Compulsory/Elective</b>	Compulsory		
<b>Textbooks and course materials</b>	<p><b>Main textbook:</b> Public Finance and Public Policy, Jonathan Gruber, 7th edition, 2022</p> <p><b>Supplementary materials:</b> Public Finance and Public Policy, Jonathan Gruber, 5th edition, 2016</p>		
<b>Course outline</b>	<p>The Public Finance course is divided into two parts. In the first part, students explore the essence of public finance, focusing on how governments manage resources and intervene in the economy to correct market failures, ensuring efficiency and equity. Key concepts include the necessity of government intervention and the distinction between public goods (non-excludable, non-rival) and private goods, highlighting why the former require government provision. The second part delves into major public finance components like education, social insurance, social security, social welfare, public budgeting, and taxation, studying how these areas are funded, their impact on society, and their role in addressing economic and social needs.</p>		
<b>Course objectives</b>	<p>The course examines the overall role of Government in the economy, the nature of public finance and the specific role of taxes in the economy. It consists of the common public finance theory and practice, budgetary process, key areas for government expenditures, such as education, public health, social insurance and security, welfare programs, etc.</p> <p>The course also provides some basics knowledge on taxation and role of taxes in the economy.</p>		
<b>Learning outcomes</b>	<p>After successful completion of the course students will be able to</p> <ul style="list-style-type: none"> <li>• identify the role of Government in the economy,</li> <li>• choose the essence of public and private goods and understand the functions of public budget.</li> <li>• identify public insurance programs and understand the basic construction of social security programs as well.</li> <li>• specify the welfare programs and distinguish different cases of welfare policy of the governments in the world.</li> <li>• navigate the role of taxes in the economy, they can guide the varieties of tax policy in the world.</li> </ul>		
<b>Teaching methods</b>	<b>Group discussion</b>		X
	<b>Lecture</b>		X
	<b>Presentation</b>		X
<b>Evaluation Criteria</b>	<b>Methods</b>	<b>Date/deadlines</b>	<b>Percentage (%)</b>
	<b>Midterm Exam</b>	TBA	30
	<b>Class attendance</b>		5
	<b>Quizzes (2)</b>	Week 5/14	10
	<b>Presentation</b>	Week 15	10
	<b>Written assignment</b>	Week 13	10
	<b>Final Exam</b>	TBA	35
<b>Policy</b>	<p><b>Written assignment:</b> Students are obliged to prepare written papers focusing on difference case studies, like public finance architecture of Azerbaijan; SOFAZ case, etc., which will be realized individually by each of them.</p> <p><b>Presentation:</b> Students will be divided into small groups (up to 4) to prepare group presentation, dedicated concrete challenging problems, like "The social insurance problems in Azerbaijan". After successful presentations, each group will have a gained score, which can be different depending on each student's contribution to the group work.</p> <p><b>Class attendance:</b> Students scores in this case will be deducted proportionally to their absence during the semester.</p> <p><b>Quiz:</b> There will be 2 quizzes and these quizzes will constitute 10 percent of the total grade. Makeup quizzes will not be given except in the case of dire emergency. Students are required to turn in answers to assignments at the beginning of the classes at which they are due. Late assignments will not be accepted. All quizzes will consist of both open-ended and multiple-choice questions. 80% of questions in all quizzes will be open ended, 20% will be multiple-choice questions.</p>		

<b>Tentative Schedule</b>			
<b>Week</b>	<b>Date/Day</b>	<b>Topics</b>	<b>Textbook/Assignments</b>
1		Introduction	Chapter 1
2		Externalities and public goods	Chapter 5,7
3		Externalities and public goods (2)	Chapter 5,7
4		Political economy and public choices	Chapter 9
5		Education ( <b>Quiz 1</b> )	Chapter 11
6		Social insurance	Chapter 12
7		Social Security	Chapter 13
8		<b>Midterm exam</b>	Chapters 1,5,7,9,11, 12
9		Health Insurance	Chapter 15
10		Welfare Programs	Chapter 17
11		The Economics of Taxation (1)	Chapter 18
12		The Economics of Taxation (2)	Chapter 18
13		Public Budget 1/ <b>Written assignment</b>	Chapter 4
14		Extra budgetary institutes: The case of SOFAZ. Written assignment deadline: ( <b>Quiz 2</b> )	
15		Public Budget 2 ( <b>Presentation</b> )	Chapter 4
16		Review/ Final exam	