



Cairo University



Course Information Economics of Public Finance (EE303)	
Faculty	Faculty of Economics and Political Science
Department	Economics
Course Code	EE303
Course Title	Economics of Public Finance
Units of Credit	3
Course Type	Undergraduate, Level III, "Core" course for both Economics and Political Science Major
Pre-requisites	None, but having studied "Principles of Microeconomics E102" is a plus
Term of Offering	Fall 2020/21
Course Coordinator	Prof. Samy El Sayed (email: samvelsaved@feps.edu.eg)

Group	ONE
Instructor	Dr. Sarah A. Mansour (sarah.mansour@feps.edu.eg)
Lecture Time	Sunday and Tuesday 04:30-05:50 pm
Mode	Online
Office Hours	By appointment set via email.

I-COURSE DESCRIPTION

Economics of Public Finance is one of the level III courses offered by the Department of Economics. It is a core course for those majoring in Economics or Political Science. It builds on the course "Principles of Microeconomics (E102)" taught in level I.

Public finance is the field of economics that studies government activities and the alternative means of financing government expenditures. As you study public finance, you will learn about the economic basis for government activities. A crucial objective of the analysis is to understand the impact of government expenditures, regulations, taxes, and borrowing on incentives to invest, work, and spend income.

Teaching will primarily take place through virtual live meetings, discussions and exercises. Lectures will be conducted on Sundays and Tuesdays between 04:30 pm – 05:50 pm. All students are required to register in two lectures (1.5-hour each) per week.

II-COURSE OBJECTIVES

The main objective of this course is to provide students with the tools and the skills to understand the underlying concepts and practical tradeoffs entailed in public finance policy alternatives. This will prepare students to be informed consumers of public finance data, and thus, equip students to engage constructively in the formulation, implementation, and evaluation of public finance policies.

It is designed to introduce you to the economics of government spending and taxation. The course focuses on analyzing the effects of expenditure programs and taxation policies on the economic behaviour of individual consumers, households and firms. The efficiency and equity effects of public policy will be discussed. Special emphasis will be placed on issues and challenges facing Egypt.

III-INTENDED LEARNING OUTCOMES

Upon successful completion of this course, the student will be able to;

- Provide arguments for the case of government intervention in a modern economy.
- Identify externalities, their impacts, and evaluate the relative merits of various public sector interventions designed to resolve the associated issues.
- Identify both market failure and government failure and explain the causes of each.
- Distinguish between public goods, goods produced by the public sector and goods provided by the public sector.
- Explain and critically evaluate the concepts of equity and efficiency as a basis for decision making in taxation and public expenditure.
- Distinguish between tax avoidance and tax evasion.
- Explain Egypt's planning and budgeting process.
- Explain how the budget deficit is calculated
- Explain the dynamics of public debt.

IV- Main Textbook:

Hyman, David N. (2010), *Public Finance: A Contemporary Application of Theory to Policy*, Tenth edition, South-Western Cengage Learning, USA.

V- Reference Textbooks, Journal Articles and Websites:

Dabla-Norris, Era, Richard Allen, Luis-Felipe Zanna, Tej Prakash, Eteri Kvintradze, Victor Lledo, Irene Yackovlev, and Sophia Gollwitzer (2010), *Budget Institutions and Fiscal Performance in Low-Income Countries*, IMF Working Paper/10/80.

Goode, Richard (1984), *Government Finance in Developing Countries*, The Brookings Institution, Washington, D.C.

International Budget Partnership (2014), *A Guide to the Egyptian Budget*, IBP Guides and Training Materials, IBP.

El Husseiny, Israa A. (2016). 'Budgetary institutions and Fiscal Performance in Egypt: Is there A Link?'. *Public Budgeting and Finance*, Vol. 36, No. 1.

Musgrave, Richard A. and Peggy B. Musgrave (1989), *Public Finance in Theory and Practice*, Fifth Edition, McGraw Hill, New York. Rosen, Harvey S. and Ted Gayer (2013), *Public Finance*, Tenth Edition, McGraw-Hill/Irwin, New York.

Persson, T., & Tabellini, G. (2003). *The economic effects of constitutions*. Cambridge: The MIT Press.

Persson, T., & Tabellini, G. (2004). Constitutional rules and fiscal policy outcomes. *American Economic Review*, 94(1), 25–45.

Tresch, Richard W. (2008), *Public Sector Economics*, Palgrave Macmillan, New York.

Zaky, Mohamed and Sara El-khishin (2016). *Fiscal Governance in Egypt: Strengthening Budgetary Institutions to Counteract Political Fragmentation*, *International Journal of Economic Research*, Vol. 13(7) December.

Data Sources:

International Monetary Fund: www.imf.org

World Bank: www.worldbank.org

Central Authority for Public Mobilization and Statistics: www.capmas.gov.eg

Ministry of Finance: www.mof.gov.eg

Information and Decision Support Center: www.idsc.gov.eg

VI- CU Platform Link:

<http://Www.feps.edu.eg/arr/studentlectures>

Course title on this platform: Economics of Public Finance

VII- ASSESSMENT:

Assessments are aimed at examining students' grasp of the course material and ensure that they are familiarized with the theories and applications of theories.

There will be a coursework component which will account for 50% of the overall mark for the course, and a final exam at the end of the semester which will account for the remaining 50%. The coursework component will consist of a mid-term exam and two class quizzes, as the following table shows:

Assessment Item	Weight
Quiz 1	15%
Mid-term	20%
Quiz 2	15%
Final Exam	50%

VIII-POLICIES

Regular attendance of lectures is EXPECTED. In this connection, the credit hour system applied at the Faculty of Economics and Political Science requires students to attend and participate in at least 75% of lectures.

IX-COURSE OUTLINE:

Topics	Readings
Part I: The Economic Basis for Government Activity	
Individuals and Government	Hyman (Ch. 1)
Efficiency, Markets, and Governments	Hyman (Ch. 2)
Externalities and Government Policies	Hyman (Ch. 3)
Public Goods	Hyman (Ch. 4)
Public Choice and the Political Process	Hyman (Ch. 5)
Part II: Government Sources of Finance	
Introduction to Government Finance	Hyman (Ch. 10)
Part III: The Government Budget; Budget Deficit and Public Debt	
Egypt's State Budget: Economic, Functional, and Administrative Classification Systems	International Budget Partnership (2014)
Budget Cycle and Budgetary Institutions in Egypt	International Budget Partnership (2014)

	-El Hussein (2016)
Budget Deficit	TBA
Public Debt and Its Dynamics	TBA

Looking forward to an exciting and productive semester.

Best of Luck!

Public Finance Team