УНИВЕРСИТЕТ ЗА НАЦИОНАЛНО И СВЕТОВНО СТОПАНСТВО

UNIVERSITY OF NATIONAL AND WORLD ECONOMY

Adopted by the Faculty Council Decision of

Faculty of *General Economics*

protocol № ….. / ……

Approved by:

Dean of Faculty
Prof. Georgi Petrunov, PhD

SYLLABUS

Course	PUBLIC SECTOR ECONOMICS	
Course Category	COMPUSORY	
Area of Study	3. SOCIAL SCIENCES, ECONOMICS AND LAW	
Field of Study	3. 8 ECONOMICS	
Degree Programme	ECONOMICS TAUGHT IN ENGLISH	
Educational and Qualification Degree	BACHELOR	
Faculty	OF GENERAL ECONOMICS	
Department	ECONOMICS	
Academic Hours/classes	**Full Time**	60
	Distance Learning	
Extracurricular activities	**Full Time**	90
	Distance Learning	
Credits	**6**	
Lecturer	**Assoc. prof. Ivaylo Beev, PhD** **Chief assist. prof. Maya Tsoklinova-Koleva, PhD** **Chief assist. prof. Velichka Nikolova, PhD**	

COURSE DESCRIPTION

1. The course “Public Sector Economics” is taught for full time bachelor students: programme ”Economics tautgh in English” since 2012/2013 year.
2. Content description

The course aims to reveal the red line of public finance sector economic development. Pareto improvement is the key for government intervention and the establishment and expansion of the public sector of the economy. In the light of Pareto efficiency, the optimal supply of public and quasi public goods are presented. But how the society takes collective decisions: what, how, for whom public goods have to supplied or public choice theory. As a result -modelling budget as a tool for funding public goods supply and consumption. In second large part of the course, the taxation is analyzed in order to reveal the most efficient tax enforcement and generally the creation of optimal tax system. All students have to prepare case studies on specific subject for analyzing models and practical illustration of optimal collective decision making.

3. Language of instruction: English

CONTENT

№	TOPIC	Academic Hours			
		Full Time		Distance Learning	
		L	S	L	S
1.	**INTRODUCTION TO PUBLIC SECTOR ECONOMICS** Private and public sectors in the economy. The state in the circulation of money and commodity flows. Market defects and grounds for state intervention. Defects of state intervention. Subject of "Public Sector Economics". Main problems of public sector economics.	2	**2**		
2	**ECONOMIC THEORY OF WELFARE** Methodological basis of public sector economics - welfare economics. Pareto optimality. Pareto improvements. Social welfare function - social indifference curves. Alternative views on the social welfare function.	2	2		
3	**PUBLIC GOODS** Criteria for classification of goods. Pure public goods – main characteristics, inefficiency of their private production. Efficient provision of public goods. Pigou's approach. Partial market equilibrium model. General market equilibrium model. Mixed goods. Optimal supply of club goods – Buchanan's model. Pseudo-market mechanisms for revealing preferences. Publicly provided private goods. Distribution mechanisms.	2	2		
4	**EXTERNALITIES** Economic characteristics of external (side) effects. Negative and positive externalities: nature and causes of welfare loss. Coase theorem. Mechanisms for internalizing negative externalities. Impact of corrective taxes. Mechanisms for internalizing positive externalities. Impact of corrective subsidies.	2	2		

5	**INDIVIDUAL PREFERENCES AND PUBLIC CHOICE** Private and public mechanism for resource allocation. Alternative rules and approaches to public choice. Direct democracy method. Condorcet's paradox. Theorem of single-peak preferences. Economic characteristics of the median voter. K. Arrow's theorem. Method of representative democracy. Economic theory of politics of A. Downs. Theory of the political business cycle. Extracted rent in the model of representative democracy.	2	2		
6	**BUDGET PROCESS AND EFFICIENCY** Economic efficiency of budget decisions Structure of the budget process – stages, normative and institutional aspects. Budget systems. Classification of budgets. The role of the bureaucrat. Bureaucracy and the efficient allocation of public resources. Utility function of the bureaucrat. Niskanen's model. Opportunities for increasing the efficiency of the functioning of the public sector.	2	2		
7	**PUBLIC EXPENDITURES** Public expenditure – approaches and indicators for their measurement. Classification of public expenditure. Non-interest and interest public expenditure. Public expenditure by functions in the consolidated fiscal program of Bulgaria. Macro models for the growth of public expenditure for the purchase of production factors. Long-term development model. Wagner's law. Peacock and Weissman model. Micro models for the growth of public expenditure. Demand factors for public goods. Baumol model. Reasons for the growth of transfer payment expenditure. State expenditure programs. Essence of budget financing. Gross and net budget financing. Centralized and decentralized financing. Program (result-oriented) budget. Targeted state expenditure programs.	2	2		
8	**EVALUATION OF INVESTMENT PROJECTS IN THE PUBLIC SECTOR** Features of the investment process in the public sector. Analysis of effective costs. Cost-benefit analysis. Discounting technique. Risk and uncertainty. Redistributive consequences. Criteria for evaluating investment projects.	2	2		
9	**SOCIAL SECURITY FUNDS** Principles of funding. Relationships of social security funds with the state budget. Advantages and disadvantages of fund financing. Pension insurance funds. Pension insurance reform in Bulgaria.	2	2		
10	**INTRODUCTION TO TAXATION THEORY** Principles of taxation. Tax base, tax rate, tax liability. Tax scope. Recommended characteristics of the tax system. Tax burden. Distribution of the tax burden - analysis of partial and general market equilibrium. Excess tax burden. Optimal taxation.	2	2		

11	**INCOME TAXATION** Determination of net taxable income. Optimal income taxation system. Income taxation and choice between work and leisure. Corporate income taxation. Approaches to defining the tax base. Investment and tax credit. Impact of corporate tax on financial decisions of companies. Corporate income tax in Bulgaria.	2	2		
12	**TAXATION OF GOODS AND SERVICES** Basic models for taxation of consumer goods: tax on the physical unit and ad valorem tax. Comparative analysis of efficiency. Value added tax. Types of transactions. Tax credit. Selective taxation of goods and services: excise duties. Theoretical analysis of the optimal taxation of goods and services. Ramsey's rule.	2	2		
13	**TAXATION OF WEALTH** Definition of wealth. Considerations for and against its taxation. Functions of the wealth tax. Tax base and tax rates. Economic effects of the wealth tax. Effect on saving. Effect on the choice between work and leisure. Taxes on the transfer of wealth. Taxation of wealth in Bulgaria.	2	2		
14	**LOCAL PUBLIC GOODS AND PUBLIC CHOICE** Characteristics of local public goods. Fiscal federalism and optimal supply of public goods. The principle of fiscal equivalence and club theory. Further development of the fiscal equivalence model. Thibaut's model. Oates' theorem. Principles of fiscal decentralization. Degree of fiscal decentralization. Advantages and disadvantages of the decentralized system. Fiscal decentralization in Bulgaria.	2	2		
15	**FINANCING LOCAL PUBLIC GOODS** Theoretical statement. Organization of budget funds. Organization of financial resources of local authorities in Bulgaria. Revenue system of local authorities. Tax and non-tax revenues. Financial support. Principles of determining the forms and amount of financial assistance. Forms of financial support. Expenditure system of local authorities. Practice in Bulgaria and problems of efficiency. Budget deficit and debt. Financing of the deficit and debt management.	2	2		
	Total	**30**	**30**		

Legend: L – Lectures; S – Seminars

TEACHING AND LEARNING METHODS

A combination of different teaching techniques and methods is applied in instruction such as lectures, seminars, discussions, outsourced training in a business environment or administration, individual assignments, reports, surveys, case studies, among other methods.

The necessary technical resources for the purpose of instruction are: multimedia, software, Information and communications technology (ICT), e-learning platforms (Teams, etc.), digitally-aided education and other digital devices.

EXTRACURRICULAR ACADEMIC HOURS

Components	Number of Hours	
	Full Time	**Distance Learning**
1. Practical training		
2. Course project	**20**	
3. Essay		
4. Case study		
5. Individual assignment/ team activity		
6. Laboratory training		
7. Mid-term exam/ test	**20**	
8. Ongoing assessment		
9. Exam	**50**	
Total	**90**	

ASSESSMENT

The course assessment consists of several components.

For full time students the final grade is formed as follows:

FG = 50%E +30%MTE + 20%CP

where:

FG	=	Final Grade;
E	=	Exam;
MTE	=	Mid-Term Exam;
CP	=	Course project;

Electronic platforms (such as MS Teams; Google Forms; Moodle) and other modern educational technologies are used, both for training and for assessing and controlling its results, including the use of a test center.

The final grade is based on a six-point scale, in which the lowest grade for successful completion of the course is 3. Converted to the ECTS the grading scale the grades are as it follows:

Excellent /6/	Very Good /5/	Good /4/	Average /3/		Poor /2/	
A	**B**	**C**	**D**	**E**	**FX**	**F**
The corresponding number of ECTS credit points is being allocated					No ECTS credit points are being allocated	

QUALIFICATION GOALS

This course is designed in compliance with the requirements of the National Qualification Framework[1] in terms of acquired knowledge, skills and competences for the corresponding EQD and Council Recommendation of Key Competences for Lifelong Learning[2]. The training curriculum is designated to reach the requirements of bachelor degree knowledge, as well as to learn important theoretical knowledge and practical solution and to develop analytical skills regarding public sector economics development. The curriculum is in correspondence with National qualification framework for bachelor study

The course provides the students with the knowledge of:

- knowledge for the modern development of public finance of the economy and especially for normative optimal solutions of public goods supply, public choice theory, budget decisions, evaluation of public projects efficiency, optimal taxation, optimal fiscal decentralization and efficient decision in all government measures for reaching Pareto optimality.

The course will help students acquire skills such as:

- skills for applying knowledge of the course regarding budget decision and asymmetric information, cost-benefit evaluation of public projects, individual and corporate and consumer goods taxation, user charges for consuming divisible public goods

DISSEMINATION OF THE COURSE

This course is part of curriculum programmes on economics in all prestigious universities in the world. Evidence: a number of textbooks in many countries: Germany- 5 basic textbook on many editions; UK – 9 textbooks; in US-more 10 textbooks. Additionally, specific parts of general courses are taught in best US and British universities like public choice, taxation theory and budget decisions. Some example:

1. Maryland University,Washignton, US.
2. Bath and Lancaster University, UK.
3. Ruhr University, Bohum, Germany
4. Bocconi University, Milan, Italy.

LITERATURE

A. BASIC

1. Beev, I., Yotova, L. (2021). Ikonomika na obshtestveniya sektor, Izdatelski kompleks – UNSS, Sofiya (Беев, И., Йотова, Л. (2021). Икономика на обществения сектор, Издателски комплекс – УНСС, София).

2. Ikonomika na publichniya sektor. Adaptiran variant po C.V. Brown&P.M.Jackson, Izd. PSSA, Sofiya, 1998. (Икономика на публичния сектор. Адаптиран вариант по C.V. Brown&P.M. Jackson, Изд. PSSA, София, 1998).

[1] The National Qualification Frame of Bulgaria gives the definition of the knowledge, skills and competences which are required as a result of the education process in the corresponding EQD in higher education.

[2] Council Recommendation on Key Competences for Lifelong Learning (OJ 2018/C 189/01)

3. Manliev, G. (2009). Ikonomika na publichniya sektor, Izd. King, Sofiya. (Манлиев, Г. (2009). Икономика на публичния сектор, Изд. Кинг, София).

4. Nikolova, V. (2024). Znachimost na globalnite obshtestveni blaga v usloviyata na narastvashti globalni riskove, Nauchni trudove na UNSS, (4), Izdatelski kompleks – UNSS, s. 105-118. (Николова, В. (2024). Значимост на глобалните обществени блага в условията на нарастващи глобални рискове, Научни трудове на УНСС, (4), Издателски комплекс – УНСС, с. 105- 118).

5. Tsoklinova, M. (2021). Tendentsii v razvitieto na razhodite na podsektor „Tsentralno darzhavno upravlenie" v strani chlenki na ES, izd. „Avamgard Prima", ISBN 978-619-239-564-3, s. 162. (Цоклинова, М. (2021). Тенденции в развитието на разходите на подсектор "Централно държавно управление" в страни членки на ЕС, изд. "Авангард Прима", ISBN 978-619-239-564-3, с. 162).

Etienne, Nz. (2020). Public Economics: Welfare Economics, Independently published, ISBN-13 979-85823358632020.

6. Calitz, E. (2023). Public Economics, Oxford University Press.

7. Kahn. H. O. (2024). Taxation: A Letter, Forgotten Books, 2024.

8. Malipatil, B. S. (2020). Public Economics – Theory & Practice, Manglam Publishers & Distributors,

B. ADDITIONAL

5. Angelov, A., Nikolova, V. (2021). The impact of tax burden and tax structure on the economic growth of the Balkan region, Finance, Accounting and Business Analysis, 3 (1), Public Finance Institute, pp. 31-40.

6. Jane, O. (2024). International Tax Law. Beyond the Numbers: The Legal Landscape of International Tax Laws, p. 179.

7. Greve, B. (2022). The Role of the Public Sector. Economics and Society. Monograph Book, ISBN: 9781803925608, p. 160,

8. Hyman D. (2014). Public Finance. A Contemporary Application of Theory to Policy, 10-th Ed., South-Westrrn.

9. Kolev, K., Tsoklinova, M. (2023). Efficiency of Government Expenditure on Health and Education in Bulgaria. Научни трудове на УНСС, (4), pp. 115-130.

10. Pistone, P. et al. (2019). Fundamentals of Taxation. An Introduction to Tax Policy, Tax Law and Tax Administration, p. 196, ISBN 9789087225377, https://doi.org/10.59403/dkegen

11. Stiglitz, J., Rosengard, J. (2015). Economics of the Public Sector (Fourth Edition), W.W. Norton Company Inc.

12. Rosen H., Gayer T. (2014). Public Finance, TheMcGraw-Hill,

13. Tsoklinova, M. (2024). Descriptive analysis of public policies for provision of goods for collective consumption. Научни трудове на УНСС, (1), 185-196. https://doi.org/10.37075/RP.2024.1.08

Electronic and web-based resources:

Макроикономическа прогноза, МФ, https://www.minfin.bg/bg/866

Бюджет, МФ, https://www.minfin.bg/bg/4

Данни по Консолидирана фискална програма, МФ, https://www.minfin.bg/bg/statistics/13

https://ec.europa.eu/eurostat/data/database
https://www.worldbank.org
https://www.oecd.org
https://www.bnb.bg
https://www.nsi.bg

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