INSTRUCTOR:

Dr. Pınar Derin-Güre

Contact Information:

“Best way to contact me is” e-mail: pderin@metu.edu.tr

I usually check my emails everyday.

Office: A05, Faculty of Economics and Administrative Science, A Building

Tel: 312-210-3043 (Office)

Office Hours: Tuesday 14:00-15:00pm and Thursday 15:00-17:00pm

CLASSES:

Friday 9:40 - 12:30am (FZ15)

COURSE WEB PAGE:

All necessary material will be posted on the course webpage at: http://online.metu.edu.tr

DESCRIPTION:

This course will provide a graduate level overview of public economics. We will mainly cover taxation, social security, government spending and public goods. It is hard to cover all-important public economics subjects in one semester so this class will be more like a small summary of a graduate level public economics. Most of the papers that will read will be based on US economy but we can have some arguments in class on the specific Turkish cases.
**READINGS:**

Useful References:

*Graduate Level*


Dynamic Fiscal Policy, Dirk Krueger, unpublished manuscript.

Handbook of Public Economics, Alan J. Auerbach and Martin Feldstein, North-Holland


*Undergraduate Level*


**GRADING INFORMATION (PROBLEM SETS AND EXAMS):**

The course grades will be based on: a midterm (30%), a final (non-cumulative exam, 30%), a term paper (30%) and class attendance and participation will be (10%; 5 % attendance, 5% participation).

All exams are closed book.

**IMPORTANT DATES:**

FIRST MIDTERM DATE: 4 April 2014.
FINAL EXAM DATE: 5 June 2014.
TERM PAPER DUE: 23 May 2014.
COURSE POLICY:

If you have any conflicts with the exams let me know in advance. If you miss an exam without an acceptable legal document/reason (for example, illness supported by a medical report), no make-up exam will be given. Attendance is a part of your grade too so please try not to miss classes.

HONESTY CLAUSE:

You are expected to be honest in all of your academic work. Students caught cheating or otherwise violating the rules of academic conduct will receive a zero grade for the class, and will be deferred to the Dean’s office. If you have any questions about my expectations, please ask.

COURSES OUTLINE (Tentative, subject to change w/ the instructor’s discretion):

1. Introduction

   Government Economic Activity in Turkey and in the World.

2. Tax Incidence

   Partial Equilibrium Incidence:


   Partial Equilibrium Empirical Applications:


General Equilibrium Incidence:


L. Kotlikoff and L. Summers. “Tax Incidence,” in A. Auerbach and M. Feldstein, Volume 2, Sections 2.2.1-2.2.3 and 2.3. and 3.1


Asset Price Approach:


3. Efficiency Cost of Taxation


Applications:


4. Optimal Taxation

Optimal commodity taxation:


Optimal income taxation:


Capital Taxation and Dynamic Models


Labor Supply and Taxation


Tax Rates and Taxable Income


5. Tax Amnesties, Tax Evasion and Tax Morale


6. Deficits, Government Spending and Crowding Out

Auerbach and Kotlikoff Chapter 6.


7. Social Security


8. Public Good Provision and Charitable Giving


In this course I expect you to write a term paper. Term paper is worth 30%.

THE MOST IMPORTANT POINT IS NOT TO COPY OR DOWNLOAD ANOTHER PAPER THAT YOU DID NOT WRITE or you wrote before!!! I know that internet serves a lot of things nowadays including many different options of home works and term papers you can simply download and hand it in. There are several ways to track that so please do not copy and paste.

As I expect you to do an original work. The most important thing is to find a subject that you like in public economics. As you want to take this class I assume that you have an interest in public economics/ finance. Any topic that you think is interesting in this class or your prior knowledge in public economics.

Start with an interesting research question. We live in an economic world with a lot of fiscal problems and questions and government interventions. I am sure you come up with many interesting questions when you read newspapers; talk with your family and friends. You can look at the economic papers and their research questions. You can look for options to apply the papers that we use in class to Turkey.
After having a research question you need to look at the literature. Most probably you are not the first one with that interesting question. Check what has been done and think what you can do.

At this stage it might be hard to work on a theoretical model but if you want to I totally support you. If you are more an empirical person, try to get the data to find out your research question and then use econometric techniques.

Do not forget that your paper should be different than a newspaper article. You need to find a scientific way to answer your research question. You need to convince yourself and me that you worked well to answer your question.

Writing what you want to say briefly is very important. Quality is important, not quantity. Writing a quality paper shortly is much more difficult that putting every unnecessary information. Of course a paper with two pages is a bad sign too.

*If you consider the term project subject as a master’s dissertation subject in the future then I will expect you to make a proper literature survey and finish the data collection or decision on the theoretical tools and you can hand in an unfinished but much more detailed work.*

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<tr>
<th>Term Paper Grading Rules</th>
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<tr>
<td>Original and interesting research question</td>
<td>10%</td>
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<td>Proper outline of the paper (introduction, abstract, methodology, conclusion)</td>
<td>10%</td>
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<tr>
<td>Proper use of empirical or theoretical tools</td>
<td>10%</td>
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<tr>
<td>Proper review of prior papers in the area</td>
<td>10%</td>
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<tr>
<td>Quality of the paper (how well did you answer the research question you asked)</td>
<td>60%</td>
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