



Kuwait University  
College of Business Administration  
Master of Economics Program



Course Syllabus  
1030-518: Public Economics

Prof. Michail Skourtos

**Lecture Time and Location**

Wed, 5:00pm – 7:50pm, Building BUA-S, Room 1003 / C3

**Contact Information**

**Office:** Economics Department – 3<sup>rd</sup> Floor – Zone A – Office No. A3 1020

**Email:** michail.skourtos@ku.edu.kw

**Office Hours:** Mon Wed, 1:00pm – 2:00pm or by appointment

**Course Description**

Theoretical foundation of market failures due to public goods and externalities and their implications on welfare; public expenditure and taxation theory; efficiency and equity implications of government interventions through provision of public goods, regulation of private goods, and taxation; institutions, political economy, and public choice; income redistribution, social safety nets, social programs and insurance (education, healthcare, social security, etc.); cost-benefit analysis of public expenditures; forms of taxation (labor, consumption, income, corporate, etc.). Topics related to Kuwait and the MENA region such as infrastructure, social programs (e.g., education, healthcare, housing, etc.), social security, immigration, municipal services, government wage bill and subsidies, unemployment and disability insurance, privatization, public institutions. Reading and discussing relevant case studies, economic reports, policy papers, and empirical journal articles.

**Course Learning Objectives (CLOs)**

Upon successful completion of the course, students will be able to:

CLO1. Apply tools of economic theory to the analysis of the government's role in the economy and public finance

CLO2. Explain the implications of market failures and government interventions on welfare, efficiency, and equity

CLO3. Use the appropriate economic models to evaluate the performance of government policies

CLO4. Formulate an applied research question; extract relevant information and apply relevant models

CLO5. Make an effective oral presentation, incorporate constructive feedback into their own work, and conduct a critical review of fellow students' research

**CLO Mapping to CBA Skill-Based Competency Goals\***

CLO	Competency Goal			
	Global Economic Competency	Quantitative Reasoning Skills	Ethical Reasoning Skills	Communication Skills
1	R			
2	I			
3		A		
4				R

**Type of Emphases:**

- **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.
- **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
- **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

**Required Material**

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\* CBA Competency Goals can be found at the end of this document

We will use several sources for the taught material. A textbook that we often follow is: Jonathan Gruber (2016), Public finance and public policy. 5th Edition. Worth Publishers, N. York. A more formal treatment is offered in: Lectures on Public Economics, Anthony B. Atkinson and Joseph E. Stiglitz, Princeton University Press, 2015

**Additional Material:** Supplementary reading material will be distributed during the term

**E-Learning System:** Moodle Learning Management System; we will occasionally also use MS Teams

**Course Website** : <http://moodle.ku.edu.kw>

**Course Requirements and Policies**

- **Individual Assignments:** There are in total 3 individual assignments. These individual assignments need to be submitted through Moodle by 9:00 AM on the due days.

- **Term Paper:** You will write a short paper on a public economic issue chosen from a list of topics that I will provide. Your paper can potentially be carried on into your master's thesis. The objective of writing the paper is for you to develop the writing skills needed to analyze and explain an applied, macroeconomic issue. The objective of the presentation is for you to develop effective oral communication skills by presenting your findings in a clear and compelling way to the class. Upon completing the paper and presentation, you will have acquired the skills to identify a research question, construct an economic hypothesis, apply the theory to the question, identify and describe the data that you would use to answer your question, and present your ideas in a way that keeps your audience engaged with you. Papers should be well written, on average 20 pages, double-spaced with normal margins and type face, excluding the title page and references. Your paper should have the following sections:

1. An introduction that presents your issue and why this issue is important. Your introduction should be explicit and be clear about the issue you are addressing/question you are answering.
2. A brief analysis of previous literature on the topic and a discussion of how your paper summarizes, criticizes and/or extends this body of knowledge.
3. A description of the theory/model that applies to your question.
4. A discussion of the data that you would use in an empirical analysis and an econometric specification, including a description of variables, why they belong in your model and the impact you expect the dependent variables to have on your independent variable. An original econometric analysis of data should be included.
5. A brief conclusion that summarizes what you learned and areas for future research.

- **Participation:** The quality of our classroom discussions in large part depends on you and your preparation for class. Participation should include, among other things, (1) presenting case facts, (2) defining the problem, (3) exploring different alternatives, (4) persuasive, thoughtful, integrated analysis supported by the data given in the case, (5) Implementation plan for proposed actions. "Air time" is not nearly as important as meaningful analysis and recommendations supported by data. Remember, for most of these cases, there is no right or wrong answer.

- **Attendance and Participation:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on: [http://www.kuniv.edu/cs/groups/ku/documents/ku\\_content/kuw055940.pdf](http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf) This course has a significant seminar component and class participation is critical to the learning experience. Participation will be assessed in each class period. Your class participation and attendance will both contribute to your score of in-class performance.

- **Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on: [http://www.kuniv.edu/cs/groups/ku/documents/ku\\_content/kuw055940.pdf](http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf) Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes "unauthorized assistance" please email me before the deliverable is submitted.

- **Writing Style:** Students must refer to MLA writing style for their assignments and report writing. Refer to the English Language Center for help.

**Grading**

The scores in this course will be the weighted average of the following items:

Weight	Description
30%	Individual assignments
60%	Term Paper and presentation
10%	Attendance and participation
100%	TOTAL

**Grade Distribution**

Grade	Range
A	≥ 95
A-	≥ 90 and < 95
B+	≥ 87 and < 90
B	≥ 83 and < 87
B-	≥ 80 and < 83
C+	≥ 77 and < 80
C	≥ 73 and < 77
C-	≥ 70 and < 73

D+	≥ 65 and < 70
D	≥ 60 and < 65
F	< 60

### Course Outline

Week	
1	Preliminaries - Introduction, motivation, and stylized facts - Review of relevant mathematics, economic theory, and empirical methods
2-6	Part I: Theory and Fundamentals - Definition, scope, and measurement of the public sector - Market failures (externalities and public goods) and their welfare implications - Theory of public expenditure - Theory of taxation: incidence and optimal taxation, - Efficiency and equity implications of government interventions: provision of public goods, regulation of private goods, and taxation Institutions, political economy, and public choice
7-11	Part II: Outcomes, Extensions, Applications, and Policy - Fiscal policy tools for income redistribution and social safety nets - Social programs and insurance: education, healthcare, health insurance, social security, unemployment insurance, welfare programs, etc. - Cost-benefit analysis of infrastructure and social programs finance - Forms of taxation: labor, consumption, savings, wealth, business, etc. Tax agreements and competition
12-14	Part III: Kuwait and MENA Context Public finance issues relevant to Kuwait and the MENA region such as infrastructure investment, social programs (e.g., education, healthcare, housing, etc.), social security, immigration, municipal services, government wage bill and subsidies, unemployment and disability insurance, privatization, and public institutions
To be decided	Summary and term paper presentations

### Important Dates

Date	Event
Sept 18 <sup>th</sup> , 2024	Beginning of classes
Sept 25 <sup>th</sup> , 2024	1 <sup>st</sup> Assignment out
Oct 2 <sup>nd</sup> , 2024	1 <sup>st</sup> Assignment in
Oct 23 <sup>rd</sup> , 2024	2 <sup>nd</sup> Assignment out
Oct 30 <sup>th</sup> , 2024	2 <sup>nd</sup> assignment in
Nov 20 <sup>th</sup> , 2024	3 <sup>rd</sup> Assignment out
Nov 27 <sup>th</sup> , 2024	3 <sup>rd</sup> Assignment in
Dec 18 <sup>th</sup> , 2025	Last day of classes - Term paper presentations

### Master of Economics Competency Goals:

**1. Global Economic Competency:** Our students should demonstrate expertise in applying core economic theories to solve global and complex economic problems.

#### Student Learning Objectives:

- 1.1 Acquire a deep understanding of how markets and economies operate
- 1.2 Apply micro/macro-economic theories to solve complex economic problems.
- 1.3 Analyze in depth the impact of alternative regulatory activities in individual markets and their effect on the welfare of the population
- 1.4 Recognize that although economists address economic problems with a common approach, the science is ever changing, and one's approach must be regularly evaluated and updated.

**2. Quantitative Reasoning Skills:** Our students should acquire sufficient mathematical and statistical skills to be able to analyze economic problems and to make use of those skills in their future careers

#### Student Learning Objectives:

- 2.1 Understand how to collect and use empirical evidence to evaluate economic argument.
- 2.2 Conduct appropriate statistical analysis of data using appropriate econometric techniques and explain the statistical problems involved.
- 2.3 Interpret statistical results and understand the limitations of the analysis.

**3. Ethical Reasoning Skills:** Our students should learn to recognize different value judgments and ethical stances in economic arguments

#### Student Learning Objectives:

- 3.1 Evaluate economics decisions within an ethical framework.
- 3.2 Understand the ethical dimension of assumptions in arguments.

**4. Communication Skills:** Our students will demonstrate advanced communication skills in a variety of business settings.

**Student Learning Objectives:**

- 4.1 Deliver clear, concise, and persuasive presentations.
- 4.2 Write clear, concise, and persuasive business documents.