

Department of Economics

Academic year 2026-2027
Fall-Winter term

Course: Public Finance

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Class-Website. <http://eclass.uoa.gr/courses/ECON123/>

Syllabus

Overview: Public finance is the branch of economics that analyzes the role of government in the economy. In this course will use the basic tools of economics to analyze the prevailing views of what government does and what it could and should do. We will then look at what the public sector actually does, how it uses taxes and public spending, and how it affects individual and corporate decision-making and social welfare.

Prerequisites:

Intermediate Microeconomics is an *essential* prerequisite for this course. The course will assume a competency at roughly the level of intermediate books like Varian, or Nicholson. In addition, it is critical that you have a reasonable level of mathematical skills. Calculus (derivation and integration), solving systems of equations, and a few other tools will be used.

Text Books: The recommended textbook for the course is:

Rosen, Harvey S. & Ted Gayer ***Public Finance***, 9th or 8th Edition. New

York: McGraw-Hill, 2008.

Two very good textbooks that could be used as alternatives are the following:

1. Stiglitz, J. E., *Economics of the Public Sector*, W. W. Norton & Co., 3rd Edition, 2000.
2. Gruber Jonathan *Public Finance and Public Policy*, 3rd edition, Worth Publishers, 2011.

Evaluation: There will be a number of assignments (3 or 4), all of which will count for 15%, of the final grade. There will be a final exam which will count for the 85% of the final grade.

COURSE OUTLINE

INTRODUCTION

- A. Background (Rosen, Chapters 1, 2)
- B. Welfare Economics (Rosen, Chapters 3)

PART I: IS THERE A ROLE FOR THE GOVERNMENT?

- A. Public Goods (Rosen, Chapter 4)
- B. Externalities (Rosen, Chapter 5)

PART II: POLITICS & ECONOMICS

- A. Voting and Political Economics (Rosen, Chapter 6)

PART III: GOVERNMENT EXPENDITURE

- A. Redistribution (Rosen, Chapter 12)

PART IV: TAXATION

- A. Taxation and Income Distribution (Rosen, Chapter 14)
- B. Taxation and Efficiency (Rosen, Chapter 15)
- C. Efficient and Equitable Taxation (Rosen, Chapter 16)