Content

Course Code	Course Name	Semester	Theory	Practice	Lab	Credit	ECTS
ECON467	Public Economics	3	3	0	0	3	6

Prerequisites	
Admission Requirements	

Language of Instruction	Turkish
Course Type	Compulsory
Course Level	Bachelor Degree
Objective	This course aims to explore the fundamental issues of public economics. It analyzes situations where efficiency principles differ from those of the market, particularly due to externalities that operate outside the price mechanism. Beyond these core foundations, the course addresses key questions of resource allocation, inequality management, and political economy.
Content	The course covers the efficiency of competitive equilibrium and justifies public intervention in the presence of market failures (information asymmetry, public goods, externalities). It then examines countercyclical macroeconomic policies, government tools for addressing inequality, and the analytical frameworks provided by political economy.
References	Hindriks, Jean, and Gareth D. Myles. Intermediate public economics. MIT press, 2013. Mueller Dennis Public Choice III, Cambridge University Press; 3 edition, 2003 Béjean, S., & Peyron, C. (2003). Microéconomie (1?? éd.). Dalloz. Descamps, C. (2012). Précis de macroéconomie. Ellipses. Association française d'économie politique, Guy, Y., Henneguelle, A., & Puissant, E. (dir.). (2023). Grand manuel d'économie politique. Dunod.

Theory Topics

Week	Weekly Contents
1	General Equilibrium and Allocative Efficiency: Microeconomic foundations and the First Fundamental Theorem of Welfare Economics
2	Optimum and Equity: Second Welfare Theorem, social surplus, and the trade-off between efficiency and distributive justice
3	Externalities and Public Goods: Allocation failures, tragedy of the commons, and intervention instruments (Pigouvian taxes, quotas)
4	Natural Monopolies and Regulation: Market power, marginal/average cost pricing, and competition policies
5	Information Asymmetries: Adverse selection, moral hazard, public contract design, and insurance regulations
6	Fiscal Policies and Business Cycles: Automatic stabilizers, Keynesian multiplier, and business cycle management
7	Monetary Policies and Sustainability: Fiscal-monetary interaction, rules vs. discretion, and public debt dynamics
8	Structural Policies and Growth: Principles of the IS-LM model in closed and open economies
9	Foundations and Models of the Welfare State: Social protection principles (Beveridge, Bismarck) and risk insurance
10	Transformations and Reforms of the Welfare State: Demographic factors, financial sustainability, and institutional adjustments
11	Measurement and Determinants of Inequality: Indicators (Gini, Palma), top income dynamics, and wealth inequalities
12	Optimal Taxation and Redistribution: Progressive taxation, capital taxation, and work disincentives (Laffer curve)
13	Equality of Opportunity and Social Mobility: Public education spending, means-tested transfers, and pre-distribution
14	Public Choice, Cycles, and Electoral Strategies: Preference aggregation, opportunistic cycles, and re-election behaviors