**COURSE DESCRIPTION: MACROECONOMIC ACCOUNTS AND PUBLIC FINANCE**

This course combines a close look at macroeconomic accounts with a detailed introduction to public finance. The first five weeks introduce the data needed to assess a national economy, showing how this information can be used to recommend policy changes to improve macroeconomic performance. The first three sessions introduce the accounts and main indicators for an economy’s real, external, fiscal, and monetary sectors. The fourth session discusses the relationships among the various accounts, introducing the concept of the flow of funds. The fifth session addresses how to use the information in the accounts to assess an economy and consider policy options to improve its performance.

The second half of the course provides more detail on the institutions involved with fiscal policy. Topics include the rationales for public sector activity, fiscal (public debt) sustainability, revenue policy, expenditure policy, fiscal decentralization, and fiscal rules. If time permits, state enterprises will also be discussed.

**LEARNING OBJECTIVES**

1. Learning and understanding the most important indicators used in macroeconomic analysis.
2. Understanding the main elements of monetary, fiscal, and exchange rate policy.
3. Appreciating the role government can play in improving economic performance and well-being. 4. Understanding how to undertake simple fiscal (public debt) sustainability analysis.
5. Mastering the main elements of revenue and expenditure policy.
6. Understanding the challenges and potential benefits from fiscal decentralization and fiscal rules.

**TERM PAPER**

To gain a better understanding of public sector economics, each student will write a short paper on the public sector of an economy, preferably in Asia, but NOT on Greece, Singapore, or the United States. The paper should not exceed 15 pages and is due by the time of the final examination. The goal of the paper is to show an ability to apply the topics covered in the course to a real-world economy, rather than simply provide descriptive information or a recounting of events. A soft copy of the paper should be submitted to the “Course Paper drop box” in the ELearn system for this course. This will allow the “Turnitin” software to check the paper for plagiarism, picking out, and cutting and pasting of any kind. SMU has a very strict policy against plagiarism, widely defined as forbidding the use of any material from the Internet, journals, magazines, or even your own work used elsewhere unless properly cited and attributed to the original source. Students will be heavily penalized if they insert text or use the work of others without proper attribution.

The project paper should provide a brief review of the structure of the government sector, including any important fiscal rules; ten years of key economic data for the country’s public sector, including data for the entire government sector and, if available, data for the central government; an assessment of the country’s fiscal (public debt) sustainability; and a discussion of two topical fiscal issues, preferably one each on revenue and expenditure policy (which could include transfers to and underlying problems with state enterprises) in the country. If relevant, the paper should address any issues regarding fiscal decentralization. While the paper may include comments by others on difficulties in the country’s public sector, students are encouraged to offer their own observations on the issue and how it might be resolved.

**REQUIRED TEXTS**

Required Texts: Greene (2018), *Macroeconomic Analysis and Policy*; and Greene (2020), *Public Finance: An International Perspective – Revised Edition*.

My work so far:

**Real-World Application of Macroeconomic Accounts:**

**An Analysis of Switzerland’s Economy and Public Sector**

Apply topics in course to real-world economy (don’t just recount events, and describe them)

* Brief review of how the govt sector is structured (include fiscal rules, 10 year key economic data for the entire public sector, data for central government)
* Assessment of the country’s fiscal (public debt) sustainability
* Discussion of two topical fiscal issues (one each on revenue and expenditure policy)
	+ Can include transfers to and underlying problems with state owned enterprises in the country
* If relevant, paper should address any issues regarding fiscal decentralizaition
* Encouraged to offer own personal observations on the issues in the country’s public sector and how it MIGHT be resolved

*Submit outline before Week 8. 1 page, include main sections and topics to be covered.*

Facts about Swiss Government:

* Semi-direct democratic federal republic
* Stable government, displays armed-neutrality
* Has avoided alliances that may entail political, military or direct economic action
* Swiss parliament (federal assembly) takes the most important decisions
	+ Consists of: national council (people) & council of states (cantons)
* New president every year (?)
*

Topics to include from Lecture:

* Lecture 7: Public Debt Sustainability
* Lecture 6: for solutions on issues in Public Sector

**Outline:**

Introduction

Background & Literature Review

Empirical Strategy

Data + Calculations

Analysis & Results

Conclusions