

Public Finance and Government Debt

Module		Public Finance and Government Debt					
Module Code		ECO60130					
Module Coordinator		Schmidt, Paul G.					
Last Update		2015/12/17					
Target Group		Programme(s)			Bachelor of Science		
		Term			7th semester		
		Compulsory/Elective Module			Elective Module		
		Module Duration			1 Semester		
		Credits:			6		
		Frequency			Annually		
		Language of instruction			English		
Workload:	150 h	Contact hours:	44 h	Independent Learning:	76 h	Assignments:	30 h
Prerequisites		Finance (EN) (FIN40020)					
Usability in other Modules/Programmes		Bachelor Thesis (BSc_BT)					
Intended Learning Outcomes		<p>Knowledge: On successful completion of this module, students will have a thorough comprehension about institutional conditions, targets, strategies and instruments of fiscal policies, i.e. they can</p> <ul style="list-style-type: none"> describe methods and strategies of public debt management, summarize comprehensive facts regarding government finances, revenues, expenditures, deficits and debts from a cross-national perspective. <p>Skills: On successful completion of this module, the students will have the proven ability to apply theoretical concepts and analytical tools, i.e. they can</p> <ul style="list-style-type: none"> assess fiscal vulnerabilities identify critical levels of sovereign debt, and evaluate their likely impact on financial markets and the real sector of the economy. <p>Competencies: After finishing this module students will be able to</p> <ul style="list-style-type: none"> draw up degree of fiscal vulnerabilities and fragilities of nations, interpret the soundness of fiscal policies of governments, as well as interpret the likelihood for the outbreak of sovereign debt crises. 					

Module Structure	<p>The main topics of this module include:</p> <ul style="list-style-type: none"> • History of Thought in Public Finance • Role of the Public Sector in the Economy • Public Revenue, Expenditure, Borrowing Requirement & Debt • Public Finance & Monetary Policy • Public Debt Management • Causes of Sovereign Debt Crises • Assessing the Probability of Sovereign Default • Assessing Fiscal Vulnerabilities • Dynamics of Public Debt Crises • Challenges, Policy Options & Outlook 																
Module Overview	<p>The module presents in introduction to the measurement and economic analysis of public expenditure, revenue, borrowing requirement and debt, its impact on the domestic economy, as well as the relation between fiscal policies, public debt management, and monetary policy. We discuss major determinants of sovereign debt problems, try to assess probabilities of sovereign default and study fiscal vulnerabilities and the dynamics of sovereign debt crises from a cross-national perspective.</p> <p>In the final part of the module small teams of students give presentations on selected policy-oriented topics which include:</p> <ul style="list-style-type: none"> • Causes & Propagation of the Sovereign Debt Crisis of Russia • Causes & Propagation of the Sovereign Debt Crisis of Ecuador • Causes & Propagation of the Sovereign Debt Crisis of Argentina • Causes & Propagation of the Sovereign Debt Crisis of Iceland • Causes & Propagation of the Sovereign Debt Crisis of Ireland • Causes & Propagation of the Sovereign Debt Crisis of Greece • Causes & Propagation of the Sovereign Debt Crisis of Jamaica • Sovereign Debt Problems of the USA • Sovereign Debt Problems of the UK • Sovereign Debt Problems of Italy 																
Forms of teaching, methods and support	<p>The in-class time is divided into approximately 70% lectures with discussions and 30% team presentations by students on selected case studies.</p>																
Type of Assessment in the Module and Performance Points	<table border="1" data-bbox="480 1518 1378 1809"> <thead> <tr> <th>Type of examination</th> <th>Duration or length</th> <th>Performance points</th> <th>Due date or date of exam</th> </tr> </thead> <tbody> <tr> <td>Team presentations</td> <td>45 min.</td> <td>50</td> <td>During semester</td> </tr> <tr> <td>Class-room discussion</td> <td></td> <td>10</td> <td>During semester</td> </tr> <tr> <td>Written Exam</td> <td>60 min.</td> <td>60</td> <td>End of semester</td> </tr> </tbody> </table> <p>Examination requirements: Approved aids: bi-lingual dictionary & mathematical notation to the script.</p>	Type of examination	Duration or length	Performance points	Due date or date of exam	Team presentations	45 min.	50	During semester	Class-room discussion		10	During semester	Written Exam	60 min.	60	End of semester
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Recommended Literature	<ul style="list-style-type: none">• Schmidt, Paul G. (2013), <i>Public Finance, Government Borrowing, & Sovereign Debt Crises</i>• , script, Frankfurt/Main (Frankfurt School of Finance & Management). <p>A list of recommended introductory literature for presentation topics will be published at the beginning of the current term.</p>
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