



The Hebrew University of Jerusalem

Syllabus

Budgeting Process in Israel - 59825

Last update 01-10-2023

HU Credits: 2

Degree/Cycle: 2nd degree (Master)

Responsible Department: Public Policy

Academic year: 0

Semester: 1st Semester

Teaching Languages: Hebrew

Campus: Mt. Scopus

Course/Module Coordinator: Prof Momi Dahan

Coordinator Email: momi.dahan@mail.huji.ac.il

Coordinator Office Hours: Monday 16:00

Teaching Staff:

Prof. Momi Dahan

Course/Module description:

This course will enhance an independent view on the different stages of government budget and the extent to which it achieves government goals in three aspects: is the government budget process an efficient tool for fulfilling government and society priorities; is the budget process an efficient tool for achieving government outputs in the different areas; does the budget process assure macroeconomic stability.

Course/Module aims:

The purpose of this course is to facilitate tools and a conceptual framework for understanding and analyzing the budget process in Israel.

Learning outcomes - On successful completion of this module, students should be able to:

The course will prepare students to acquire an independent view on government budget stages and the extent they fulfill government targets.

Attendance requirements(%):

0

Teaching arrangement and method of instruction: mixed: in person and remote learning and presentations by students

Course/Module Content:

Government Budget in Israel, Theoretical budgeting models, dealing with the spending bias: international and Israeli experience, fiscal rules, multi-year budget, does the budgeting process contribute for achieving government goals, defense budgeting process in Israel, the Arrangements law.

Required Reading:

Ben Bassat A. and M. Dahan (2006), The balance of power in the budgeting process.

Additional Reading Material:

Alesina Alberto, Reza Baqir and William Easterly (1999) "Public Goods and Ethnic

Divisions." *Quarterly Journal of Economics*. November; 114(4): 1243-84.

Buchanan, James and Wagner, Robert. (1977) *Democracy in Deficit*. Amsterdam: Academic Press: Chapter 2.

Velasco Andres, (2000), "Debts and Deficits with Fragmented Fiscal Policymaking", *Journal of Public Economics*, 76: 105-125.

von Hagen, Jürgen and Harden, Ian, *Budget Processes and Commitment to Fiscal Discipline* (July 1996). IMF Working Paper, Vol., pp. 1-42, 1996. Available at SSRN: <https://ssrn.com/abstract=882975>

Weingast, B., K. Shepsle, and C. Johnsen, (1981): "The Political Economy of Benefits and Costs: A Neoclassical Approach to Distributive Politics," *Journal of Political Economy* (89): 642-64 (August).

Alesina Alberto and Perotti Roberto (1995), "The Political Economy of Budgets Deficits", *IMF Staff Papers*, 42(1): 1-31 (March).

Debrun, Xavier, et al. "Tied to the mast? National fiscal rules in the European Union." *Economic Policy* 23.54 (2008): 298-362.

Grembi, Veronica, Tommaso Nannicini, and Ugo Troiano. "Do fiscal rules matter?." *American Economic Journal: Applied Economics* (2016): 1-30.

Wyplosz, Charles. "Fiscal rules: Theoretical issues and historical experiences." In *Fiscal Policy After the Financial Crisis*, pp. 495-525. University of Chicago Press, 2012.

Aaskoven, Lasse. "Budget institutions and taxation." *Public Choice* 174, no. 3-4 (2018): 335-349.

De Haan, Jakob, Richard Jong-A-Pin, and Jochen O. Mierau. "Do budgetary institutions mitigate the common pool problem? New empirical evidence for the EU." *Public Choice* 156.3-4 (2013): 423-441.

Von Hagen Jurgen, (2002) "Fiscal Rules, Fiscal Institutions, and Fiscal Performance", *The Economic and Social Review*, 33, Winter, 263-284.

International Monetary Fund, Israel: Report on Observance of Standards and Codes- Fiscal Transparency Module, April 2004, Washington D.C.

Milesi-Ferretti, Gian Maria, "Good, Bad or Ugly? On the Effects of Fiscal Rules with Creative Accounting." *Journal of Public Economics*. January 2004; 88(1-2): 377-94.

Rogoff Kenneth, (1990), "Equilibrium Political Budget Cycles." *American Economic Review*, March 80(1):21-36.

Alesina Alberto, Ricardo Hausman, Rudolf Hommes and Ernesto Stein, (1999) "Budget Institutions and Fiscal Performance in Latin America", *Journal of Development Economics*, 59(2): 253-73.

Gleich Holger,. (2003), "Budget Institutions and Fiscal Performance in Central and Eastern European Countries." *European Central Bank, Working paper No. 215*.

Poterba, James M, "State Responses to Fiscal Crises: The Effects of Budgetary Institutions and Politics." *Journal of Political Economy*. August 1994; 102(4): 799-821.

von Hagen Jurgen, and Harden, I. J., (1995) "Budget Process and Commitment to

Fiscal Discipline, European Economic Review, 39, 771-779.

Von Hagen, Jurgen. "Budgeting Procedures and Fiscal Performance in the European Communities." Economic Papers 96 (1992): 1-79.

Dahan, Momi and Strawczynski, Michel, (2020). "Budget Institutions and Government Effectiveness", Journal of Public Budgeting, Accounting & Financial Management, Vol. 32 No. 2, pp. 217-246.

Jourmard Isabelle, Kongsrug Per Mathis, NamYoung-Sook and Price Robert, (2004) "Enhancing The Effectiveness of Public Spending: Experience in OECD Countries," Economic Department Working Papers No. 380, OECD. www.oecd.org/eco

Dahan, Momi and Moshe Hazan, (2013) "Priorities in the Government Budget", Israel Economic Review, Vol. 11(2): 1-33.

Dahan, Momi, and Michel Strawczynski. (2013). "Fiscal Rules and the Composition of Government Expenditures in OECD Countries." Journal of Policy Analysis and Management 32.3: 484-504.

Venturini, F. (2020). "The Unintended Composition Effect of The Subnational Government Fiscal Rules: The Case of Italian Municipalities". European Journal of Political Economy, Vol. 63, 101874.

Alesina Alberto and Perotti Roberto (1995), "The Political Economy of Budgets Deficits", IMF Staff Papers, 42(1): 1-31 (March).

Barro Robert, (1979), "On the Determination of Public Debt", Journal of Political Economy, 87(5):940-71.

Lucas, Robert and Stokey Nancy. (1983) "Optimal Fiscal and Monetary Policy in an Economy without Capital." Journal of Monetary Economics, July 1983, 12(1): 55-94.

Grading Scheme:

Written / Oral / Practical Exam 100 %

Additional information: