

**DEPARTMENT OF PUBLIC POLICY AND MANAGEMENT
FACULTY OF SOCIAL AND POLITICAL SCIENCES
UNIVERSITAS GADJAH MADA**

COURSE SYLLABUS

Course Subject : Public Budgeting
Lecturer : Wahyudi Kumorotomo, Prof. Dr. MPP
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BACKGROUND

This course is intended to provide theoretical foundations, analysis, and technical skills related to fiscal policy and public budgeting in Indonesia. Students are expected to have taken pre-requisites courses of Public Sector Economics, Public Policy and other elective courses such as Issues in Decentralization Policy, all of which would be relevant to this subject. References for these courses are equally important to take the subject of Public Budgeting.

There are three important things that affect public budgeting in Indonesia today: 1) political mechanism in making fiscal policy, 2) decentralization policy, and 3) effectiveness of public spending to improve people's welfare. The first two constitutes the logical consequences the more democratic political system. Public budgeting policy is no longer the monopoly of the government, but must also involve legislative elements and other political forces. Meanwhile, in line with the decentralization policy, the format of the budget policy at central and local levels is now experiencing changes so requires an understanding of the political and economic issues that are complex. Furthermore, the purpose of budgetary policy to improve people's welfare shall be accomplished in accordance with the demands of a modern system of public administration and responsive.

In order to create more inter-active sessions, the students are expected to actively search for sources of references independently. In addition to the references that are listed out in the syllabus, the students are expected to explore the sources of other information either via online journals, newspapers, and all academic writings that may be selected as a case in class discussions.

EVALUATION SYSTEM

Evaluation of the students in this course is based on three main criterias, namely:

1. Participation in class discussions
2. Paperwork making or individual assignment
3. Mid-term exam and final exam.

COURSE SCHEDULE

No.	Course Topic	Main Reading
1.	<p>Introductory lecture In this initial session, the lecture explains the syllabus and some basic class regulation as well as the approach to be used in discussing fiscal policy at national and regional levels.</p>	Syllabus
2.	<p>The budget policy of the economic approach Discussing fiscal policy function from economics literature, especially those related to public financing.</p>	Tanzi, Public Finance in Developing Countries (1991) Musgrave, Public Finance (1964)
3.	<p>Budget policy as a political product Discuss the political aspects of fiscal policy. It describes that as a political product. Fiscal policy will not be separated from government agencies, as well as the interests of policy actors, and accountability mechanisms among these institutions</p>	Anderson, Politics and the Economy (1966) Banfield, Political Influence (1961) Manor, The Political Economy of Democratic Decentralisation (1999)
4.	<p>Financial administration system in the era of democracy Outlines the administrative aspects of fiscal policy and public finance. Transition to democracy requires the process of financial administration fiscal policy more open to the public space.</p>	Peters, Public Policy: Promise and Performance (1966)
5.	<p>The budget cycle This session describes the public budget cycle in Indonesia. However, different from the usual approach adopted, in each stage of the budget cycle, central or local government is understood as a point of political decision-making</p>	Banfield, Political Influence (1961) Bahl & Linn, Urban Public Finance in Developing Countries (1992)
6.	<p>Development priorities and public budget Discussing the various formulations of national and regional development priorities in democratic transition as well as the relevant budget allocation system.</p>	Bahl & Linn, Urban Public Finance in Developing Countries (1992) Austin, Pragmatism and Public Policy in East Asia
7.	<p>Fiscal relations among government agencies Elaborating on the interrelationship of</p>	Ebel, The Economics of Fiscal Decentralisation (2000) Stoker, The Politics of Local

	government agencies in the current budget system and fiscal policy. At the central level, this will involve the Parliament, the Presidency, CPC, Bappenas, Ministry of Finance, as well as other technical departments. At the regional level, this would involve Parliament, regional head (governor, regent / mayor), Bureau / Finance Division, Bappeda, BKP, Inspectorate, and so forth.	Government (1988) Mawhood, Local Government in the Third World (1983)
8.	The issues of fiscal decentralization This session discusses a wide range of new policies on fiscal decentralization, as stipulated in Law No.23 / 2014, No.33 / 2004, Law No.28 / 2009 as well as problems arising from the policy.	Cheema & Rondinelli, Decentralisation and Development (1983) Bird & Vaillancourt, Fiscal Decentralisation in Developing Countries (1998) Breton, An Introduction to Decentralisation Failure (2000)
9.	Actors and budget policymakers Discuss the positions of political actors and formulator of fiscal policy along with a wide range of individual and institutional interests that lie behind them. It emphasises on fiscal relations between institutions after decentralization.	Chandler, Public Policy-Making for Local Government (1988) MacAndrews, Central Government and Local Development in Indonesia (1986)
10.	Revenue assignments Discussing the revenue side of the government budget both at central and local levels. A more detailed discussion will be conducted in two sessions of the next lecture.	Devas, Financing Local Government in Indonesia (1989) Uppal, Taxation in Indonesia (1991)
11.	Taxation Outlining the political explanation of the government revenue policy from taxes.	Manor, The Political Economy of Democratic Decentralisation (1999)
12.	Non-tax revenues and levies Outlining the political explanation of the government revenue policy from sources of non-tax, levies, foreign loans, and so forth.	Mahi, Pendapatan Daerah dan Desentralisasi Fiskal (2001)
13.	Expenditure assignments Discussing the expenditure side of the government budget in both central and local levels. A more detailed discussion will be conducted in two sessions of the	Simanjuntak, Pembiayaan Pembangunan Daerah (2001) Mardiasmo, Perencanaan Pembangunan Ekonomi Daerah (2002)

	next lecture.	
14.	<p>Cost of development: department technical funds, DAU, profit sharing and allocation of local tax</p> <p>Elaborating on the budget allocation system to the department, DAU allocations to the regions, profit sharing of central and local, as well as the proportion of tax allocations to local governments. The description is mainly associated with the relationship between government agencies vertically or horizontally.</p>	Mahi & Brojonegoro, Dana Alokasi Umum (2002)
15.	<p>Subsidies: deconcentration funds, DAK, and the allocation of foreign aid</p> <p>Describes the system of budget allocation to the local level through deconcentration funds, DAK, aid programs and project assistance.</p>	Hill, Intra-Country Regional Disparities (2000) Davey, Financing Local Development in Indonesia (1984)
16.	<p>Financial accountability and public budgets</p> <p>Discusses the system of financial accountability in the public sector, particularly the link between executive agencies by the auditor and the legislature.</p>	Hill, Intra-Country Regional Disparities (2000) King, Local Government Economics in Theory and Practice

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