

General Information			
Course name	Public Finance	ECTS credits	6
		Semester	Winter 2018
Aims			
<p>The first objective is to get familiar with the current topics in public finance and acquire basic theoretical knowledge in fundamental public finance topics, such as public sector interventions, public expenditures, revenues, deficit and debt. The second objective is to prepare the students to be informed consumers of public finance data from several sources, such as Eurostat, Ministry of Finance as well as EU budget data.</p>			
Content			
<ol style="list-style-type: none"> 1. Introduction to public finance. The role and size of the public sector. Measuring the size of the public sector. 2. Economic rationale for government interventions – market failures. 3. Allocation function of public finance: public goods, externalities and other microeconomic failures. 4. Redistribution function of public finance. Labour and income inequality. Lorenz curve and Gini as a measurement of income inequality. Social protection and health expenditures. 5. Stabilization function of public finance. Fiscal policy – objectives, tools, types. 6. Government budgeting – types of budgets, budget functions, the budget cycle. 7. Public expenditures. COFOG. 8. Public revenues – sources of government revenue. 9. Taxation of income, wealth and consumption. 10. Deficit financing. Public debt management. 11. EU budget – revenues and expenditures. 12. Multiannual financial framework. 			
Assessment Methods and Criteria			
<p>Class participation and homework (30%) Test (70%)</p>			
<p>Grading Scale (in %):</p> <p>Grading System: The University recognises the following six degrees for the evaluation of the study results:</p> <ol style="list-style-type: none"> a) A – excellent (excellent results) (numerical value 1) b) B – very good (above average results) (1.5) c) C – good (average results) (2) d) D – satisfactory (acceptable results) (2.5) e) E – sufficient (results meet the minimum criteria) (3) f) FX – failed (requires further work) (4) 			

Bibliography

Required reading:

1. GRUBER, J. 2013. *Public finance and public policy*. 4th ed. New York: Worth Publishers.
2. *European Union Public Finance*. 2014. [online] 5th edition. Luxembourg: Office for Official Publications of the European Communities. Available at: <https://publications.europa.eu/en/publication-detail/-/publication/8bc08dd0-f1ed-4f45-bab4-75ac2a63d048>

Recommended reading:

1. ROSEN, H.S., T. GAYER. 2013. *Public Finance*. 10th Edition. New York: McGraw-Hill/Irwin.
2. HYMAN, D.N. 2005. *Public finance: a contemporary application of theory to policy*. 6th ed. Mason, Ohio: Thompson South-Western.
3. EUROPEAN COMMISSION, 2018. *Multiannual Financial Framework. Structure, mechanism and content* [online]. Available at: http://ec.europa.eu/budget/mff/introduction/index_en.cfm
4. EUROPEAN COMMISSION, 2018. *Budget* [online]. Available at: http://ec.europa.eu/budget/index_en.cfm

