

SUBJECT:

Public Finance

HOURS:

Lectures 15 Classes 30

ECTS:

SEMESTER

Name/title of the author:

Course Description:

Learning Outcomes (Goals and Objectives of the course):

Entrance qualifications:

Course Content:

Assessment policy (examination):

Course materials / bibliography:

Methods of Instruction:

Notes / suggestions:

The course covers the role and size of the public sector, including the rationale for public sector interventions such as market failure and distributional concerns; key factors determining a nation's fiscal architecture; public resource mobilization via user charges and taxation; public expenditure policy, including assessment of government social protection programs and public sector efficiency and effectiveness; fiscal balance and deficit financing.

The purpose of this course is to provide an introduction to the theory and practice of government finance.

Finance, Macroeconomics

- 1. Introduction and Background**
- 2. The Functions of a Government: Efficiency Aspect**
 - Public goods
 - Externalities
- 3. The Functions of a Government: Equity Aspect**
- 4. The Theory of Taxation**
 - Taxation and Behaviors
 - Tax Incidence
 - Tax and Efficiency
 - Optimal Taxation
- 5. Fiscal balance and deficit financing**
- 6. Social Insurance and redistribution**

Classes: Participation and active contribution during the classes, final assignment

Final grade for classes:

20% activity during classes

30% presentation

50% final written assignment concerning topics discussed during classes

Lectures: Final examination (written)

1. **H. Rosen, T. Gayer, *Public Finance*, 9th Ed. Irwin, McGraw-Hill, 2009**
2. A. L. Hillman, ***Public Finance and Public Policy***, Responsibilities and Limitations of Government, Second edition, Publisher: Cambridge University Press, Print Publication Year: 2009
3. H. H. Ulbrich, ***Public Finance in Theory and Practice***, 2nd Edition, Routledge. London, 2011
4. Musgrave R.A., Musgrave P.B., ***Public Finance in Theory and Practice***, New York: McGraw-Hill, 1989

Lectures/presentation, debate and analysis, case studies, exercises concerning personal income tax, corporate income tax and value added tax.

Examples of questions for tests and examinations

Structure of the state budget.

Task-based budget vs. traditional budget.

Taxes as a source of budget revenues.

Difference between tax evasion and tax avoidance.

Debt by type of instrument or debt by holder.

Criteria of convergence in the Economic and Monetary Union and current financial crisis.