

## PUBLIC FINANCE

<b>Course code</b>	<i>FIN 104</i>
<b>Compulsory in the programmes</b>	<i>Economics and Data Analytics, Finance, Economics and Politics</i>
<b>Level of studies</b>	<i>Undergraduate</i>
<b>Number of credits</b>	<i>6 ECTS (48 contact hours + 6 consultation hours, 106 individual work hours)</i>
<b>Course coordinator (title and name)</b>	<i>Dr. Aras Zirgulis</i>
<b>Prerequisites</b>	<i>None</i>
<b>Language of instruction</b>	<i>English</i>

### THE AIM OF THE COURSE:

This course is a one-semester introduction to Public finance—focusing on the role of government in the economy. In this course we will study the rationale for the existence of the public sector (public goods, market failures) and government interventions (taxation policy, income redistribution).

Students will become acquainted the theoretical foundations of how the government affects the economy, in addition to being exposed to a variety of empirical research. Students will gain experience in critical thinking and will learn about the theoretic basis of the economic arguments used by politicians.

<b>Subject learning outcomes</b>	<b>Degree level learning objectives (Number of LO) BBM</b>	<b>Degree level learning objectives (Number of LO) BSS</b>	<b>Assessment methods</b>	<b>Teaching methods</b>
SLO1. Analyze the concepts of public goods and market failures and their cures	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Midterm test, final exam, group presentations	Lectures, seminars, individual study, self-study in groups
SLO2. Apply various socio-economic models to the evaluation of the public policy questions	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Midterm test, final exam, group presentations	Lectures, seminars, solving exercises, self-study in groups
SLO3. Discuss the reasons for government intervention in the economy as well as different types of regulation	BLO1.1 BLO1.2 BLO2.1 BLO4.2	ELO1.1 ELO1.2 ELO2.1 ELO4.2	Midterm test, final exam, group presentations	Lectures, seminars, self-study in groups
SLO4. Evaluate and compare different policies of taxation and income redistribution	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Midterm test, final exam, group presentations	Lectures, seminars, self-study
SLO5. Analyze the issues in managing fiscal policy	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Midterm test, final exam, group presentations	Lectures, seminars, solving exercises, individual study, self-study in groups
SLO6. Learn state of the art empirical work in public finance	BLO1.1 BLO1.2	ELO1.1 ELO1.2	Midterm test, final exam, group presentations	Lectures, seminars, solving exercises, self-study

### ACADEMIC HONESTY AND INTEGRITY

The ISM University of Management and Economics Code of Ethics, including cheating and plagiarism are fully applicable and will be strictly enforced in the course. Academic dishonesty, and cheating can and will lead to a report to the ISM Committee of Ethics. With regard to remote learning, ISM remind students that they are expected to adhere and maintain the same academic honesty and integrity that they would in a classroom setting.

<b>Topic</b>	<b>In-class hours</b>	<b>Readings</b>
Course Introduction/Fiscal Policy/ Public debt	4	Ch. 4
Externalities	4	Ch 5-6
Public Goods	4	Ch 7
Cost-Benefit analysis	4	Ch. 8
Role of government in Education	4	Ch. 11
<b>Mid-term</b>	2	
Role of government in Health and Pensions	4	Ch. 13, 15
Tax Incidence	4	Ch. 19
Optimal Taxation	4	Ch. 20, 21
Corporate Taxation	4	Ch. 24
Tax Reform and Consumption Taxation	4	Ch. 25
Tax Competition and Fiscal Federalism	4	Ch. 10
Group presentations	2	
<b>Total:</b>	<b>48 hours</b>	
Consultations	6	
<b>Final Exam</b>	<b>2</b>	

### FINAL GRADE COMPOSITION

<b>Type of assignment</b>	<b>%</b>
<i>Group Components</i>	30%
Debate group presentation	20
In-class group assignments	10
<i>Individual Components</i>	70%
Mid-term examination	30
Final examination	40
<b>Total:</b>	<b>100</b>

### **Debate Group Presentations**

For the presentation topics each week I will assign a policy question. The two groups may think of themselves as lobbyists trying to argue for or against the policy. During your presentation you will present arguments for your position, which you must support with evidence and/or theory. This will be a competition, and the group which does a more convincing job will always get a higher score. After your opponents have done their presentations, it would make sense for you to ask them hard questions, as this will help you. Presentations will last approx. 10 minutes. If you go longer than 12 minutes you will be stopped.

In addition, each group will present me with a one page summary of their arguments, including their evidence and references. (look up "executive summary" as a guide). The work may be split up so that some members of the group work on the summary and some do the presentation.

### **In-class group assignments**

During a portion of the seminars, assignments will be distributed to students to work alone or in groups of their choosing. These assignments will not be announced beforehand in order to encourage students to attend lectures and seminars.

### **Examinations**

The midterm and final exams count towards 70% of the final grade. Exams are closed-book and include multiple choice questions and open questions.

In case of a negative final grade, students are allowed a re-sit exam. It will cover all course material. The weight of a re-sit is **70%**. Coursework cannot be rewritten but its evaluation (if positive) is not annulled.

### **Teaching methods**

The course is taught in English and is structured as a combination of lectures, in-class activities, case studies, and student debate presentations. It requires a substantial amount of preparation by the students and active involvement during class.

### **Required Reading**

1. Gruber, Jonathan. *Public finance and Public Policy*. Macmillan, 2016.

### **Supplemental readings**

1. Stiglitz, J. *Economics of the Public Sector* (W.W. Norton 2000).
2. Harvey S. Rosen, *Public Finance* (McGraw-Hill, 2014)

## DEGREE LEVEL LEARNING OBJECTIVES

### Learning objectives for the Bachelor of Business Management

*Programmes:*

*International Business and Communication,  
Business Management and Marketing,  
Finance,  
Industrial Technology Management,  
Entrepreneurship and Innovation*

Learning Goals	Learning Objectives
Students will be critical thinkers	BLO1.1. Students will be able to understand core concepts and methods in the business disciplines
	BLO1.2. Students will be able to conduct a contextual analysis to identify a problem associated with their discipline, to generate managerial options and propose viable solutions
Students will be socially responsible in their related discipline	BLO2.1. Students will be knowledgeable about ethics and social responsibility
Students will be technology agile	BLO3.1. Students will demonstrate proficiency in common business software packages
	BLO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	BLO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	BLO4.2. Students will be able to convey their ideas effectively through an oral presentation
	BLO4.3. Students will be able to convey their ideas effectively in a written paper

### Learning objectives for the Bachelor of Social Science

*Programmes:*

*Economics and Data Analytics,  
Economics and Politics*

Learning Goals	Learning Objectives
Students will be critical thinkers	ELO1.1. Students will be able to understand core concepts and methods in the key economics disciplines
	ELO1.2. Students will be able to identify underlying assumptions and logical consistency of causal statements
Students will have skills to employ economic thought for the common good	ELO2.1. Students will have a keen sense of ethical criteria for practical problem-solving
Students will be technology agile	ELO3.1. Students will demonstrate proficiency in common business software packages
	ELO3.2. Students will be able to make decisions using appropriate IT tools
Students will be effective communicators	ELO4.1. Students will be able to communicate reasonably in different settings according to target audience tasks and situations
	ELO4.2. Students will be able to convey their ideas effectively through an oral presentation
	ELO4.3. Students will be able to convey their ideas effectively in a written paper