UNIVERSITY OF MANAGEMENT AND ECONOMICS

APPROVED BY
THE STUDY COMMISSION
Minutes No. 02-12-2026-15
as of 27th August 2026

PUBLIC FINANCE

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

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.

Subject learning outcomes	Degree level learning objectives (Number of LO) BBM	Degree level learning objectives (Number of LO) BSS	Assessment methods	Teaching methods
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.

ARTIFICIAL INTELLIGENCE POLICY

All course participants must comply with the ISM University of Management and Economics Artificial Intelligence Policy published on the e-learning platform.

In this course, the use of generative AI tools (such as ChatGPT, Claude, and similar large language models) is partially allowed, subject to the rules outlined below. Students are responsible for understanding these rules and for the integrity of any work they submit.

Debate group presentations: Students may use AI tools to enhance their understanding of the policy topic, identify relevant theories, and find applicable examples and evidence. AI tools may also be used to improve efficiency in working with literature sources or data, as well as to improve the quality of written English, including grammar and style. AI-generated information must be cross-verified with credible sources. AI-generated content is not considered a reliable academic source and should not be cited as such. The arguments presented in class and the one-page executive summary must be written by the students themselves. The inclusion of AI-generated text in the final submission is not permitted. Any use of AI tools beyond the purposes specified above must be aligned with the course instructor.

In-class group assignments: Students are expected to complete in-class assignments independently. AI tools may be used only for clarification or advice, unless otherwise specified in the assignment description or by the course instructor.

Examinations: The midterm and final examinations are closed-book. The use of AI tools or any other unauthorized electronic resources during examinations is strictly prohibited.

Topic	**In-class hours**	**Readings**
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
Mid-term	2	Topics 1-5
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	
Total:	48 hours	
Consultations	6	
Final Exam	2	Topics 6-11

FINAL GRADE COMPOSITION

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

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.

Assessment requirements, procedures, and other important regulations may be communicated verbally during lectures. Failure to attend a lecture where such information is provided does not exempt the student from the responsibility to comply with these requirements

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.

Retake Policy

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

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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