

Public Finance

IES CUNI - JEB025, JEM164, NMFM306

Summer semester, 2018

Miroslav Palanský (miroslav.palansky@fsv.cuni.cz)

Petr Janský (petr.jansky@fsv.cuni.cz)

The course provides a basis for the economic analysis of public policy issues. It focuses on the role of government and rationale for governments' actions, theory of public spending, public choice theory, discusses fiscal policy tools and limits and the impact of taxes on economic activities. The official [course webpage](#) is in the SIS. All relevant documents will be posted there. You will be asked to use the SIS to turn in home assignments, and all your results will be posted there.

Schedule

Lectures: every Wednesday, 11:00–12:20, Institute of Economic Studies, Room O314. See the detailed plan of the course below.

Course requirements

1) Home assignments: max. 20 points

There will be 2 home assignments (HA) with a maximum of 10 points each, announced in the beginning of the lectures on April 4, 2018 (HA1) and April 25, 2018 (HA2) and posted on the course webpage in the SIS. Home assignments are individual work. You will have exactly 1 week to submit your solution. Submit it in the section 'Study group roster' in the SIS (in .pdf format; may be hand-written and scanned) until April 11, 2018, 23:59 (HA1) and May 2, 2018, 23:59 (HA2). If you have any questions or problems with turning in your HA, please contact Miroslav Palanský (miroslav.palansky@fsv.cuni.cz).

2) Wiki edit: max. 20 points

There will be a list of Wikipedia pages on topics from public finance that need improvement. You are asked to [register](#) in an online system (WikiProject) that tracks Wikipedia edits, sign up for topics and contribute. Wikipedia edits are individual work. You are expected to contribute around 1000 words to Wikipedia. All your edits are registered in the WikiProject. You should finish your edits by May 2, 2018. After that, you will receive feedback from us and, possibly, other Wikipedists, and you will have the chance to incorporate this feedback into your edits, with a final deadline of May 18, 2018. Your edits will then be checked by us and you will obtain a grade for your assignment based on the quality of your edits. See Appendix A for more information on Wiki edits.

3) Final exam: max. 60 points

The final exam will be a written test and will cover material from all the lectures, both home assignments and also the course textbook (Stiglitz, Economics of the Public Sector, third edition; only chapters that are covered in lectures). There will be at least three exam dates announced in the SIS. See Appendix B for more information on exams.

Grading

Your final grade will consist of three parts: home assignments (max. 20 points), Wiki edit (max. 20 points) and the final exam (max. 60 points). The final grade will be determined based on the following intervals:

| Interval | Grade |
|-----------------|--------------|
| [100-90] | A |
| (90-80] | B |
| (80-70] | C |
| (70-60] | D |
| (60-50] | E |
| (50-0] | F (fail) |

Plan of the course

Below is a preliminary plan of the course. Please note that changes to this plan may be announced during the semester.

| Date | Topic | Chapters¹ | Lecturer |
|-------------------|---|-----------------------------|-------------------------------------|
| February 21, 2018 | Introduction | 1, 2 | Miroslav Palanský |
| February 28, 2018 | Economic rationale for the government | 3, 4, 5 | Miroslav Palanský |
| March 7, 2018 | Public goods, cost-benefit analysis | 6, 11 | Miroslav Palanský |
| March 14, 2018 | Public choice theory, political economy | 7, 8 | Miroslav Palanský |
| March 21, 2018 | Externalities and the environment | 9 | Miroslav Palanský |
| March 28, 2018 | Vicious circles, expenditure programs, decentralization | 10, 26, 27 | Miroslav Palanský |
| April 4, 2018 | Public procurement <i>Announcement of Home Assignment 1</i> | 10 | Miroslav Palanský Jiří Skuhrovec |
| April 11, 2018 | The welfare state <i>Deadline for Home Assignment 1</i> | 12, 13, 14, 16 | Miroslav Palanský |
| April 18, 2018 | Introduction to taxation, tax incidence | 17, 18 | Petr Janský |
| April 25, 2018 | Optimal taxation, personal income taxation <i>Announcement of Home Assignment 2</i> | 19, 20, 22 | Miroslav Palanský |

| | | | |
|-------------------|--|--------|-------------|
| May 2, 2018 | Corporate income taxation, tax avoidance and evasion <i>Deadline for Home Assignment 2</i> <i>Partial deadline for Wiki edits</i> | 23, 24 | Petr Janský |
| May 9, 2018 | Capital taxation, inequality | 21, 25 | Petr Janský |
| May 15, 2018 | Exam 1: 14:00, room O109 | --- | --- |
| May 16, 2018 | Rector's day - no lecture | --- | --- |
| May 18, 2018 | <i>Final deadline for Wiki edits</i> | --- | --- |
| May 31, 2018 | Exam 2: 13:00, room O109 | --- | --- |
| June 20, 2018 | Exam 3: 13:00, room O109 | --- | --- |
| September 5, 2018 | Exam 4: 13:00, room O109 | --- | --- |

Notes: 1 – The relevant textbook: Stiglitz, J.E. (2000) Economics of the Public Sector, third edition.

Literature

Required reading (main textbook):

- Stiglitz, J.E. (2000) Economics of the Public Sector, third edition

Additional textbooks:

- Hillman, A.L. (2009) Public Finance and Public Policy, Responsibilities and Limitations of Government, Cambridge University Press
- Gruber, J. (2010) Public Finance and Public Policy, Worth Publishers
- Hindriks, J., Myles, G.D. (2006) Intermediate Public Economics, The MIT Press
- Barr, N. (2004) The Economics of the Welfare State, Stanford University Press
- Cullis, J., Jones, P. (1998) Public Finance and Public Choice, McGraw Hill

Communication

The course website in the SIS will be regularly updated. We will use the email client in the SIS for brief announcements. Do let us know in advance if, for some reason, your email is not in the SIS. Please direct any correspondence regarding the course to Miroslav Palanský.

Email addresses:

Miroslav Palanský – miroslav.palansky@fsv.cuni.cz

Petr Janský – petr.jansky@fsv.cuni.cz

Appendix A – Wikipedia page editing

To edit Wiki pages, you have to [register here](#) (this means registering as a Wikipedia editor) and thereby enroll to the 'IES FSV UK - Public Finance 2018' Wikiproject. Please register with a username that is descriptive of your real name so that we can identify you. Once you are enrolled in the project, go to the item 'Articles' in the top menu and select a Wikipedia page that you wish to edit. Then, anytime you edit your assigned Wiki pages and are signed in, the system will record your edits and we will then be able to see them. Even though the system is fairly intuitive, in case of any problems or questions, contact Miroslav Palanský (miroslav.palansky@fsv.cuni.cz).

Below are some rules to follow.

1. Wikipedia page editing is, for the purposes of this course, an individual task.
2. You may choose any Wikipedia page that you think needs improvement and contribute to it. There is also a list of some Wiki pages to choose from in the Wikiproject on the page 'Articles'. In case you choose a page that is not yet in the system, write me an e-mail and I will add it. You may assign yourself to one or more Wiki pages.
3. There is a partial deadline for your edits on **May 2, 2018, 23:59**. After that, we will check your edits and give you feedback – whether something is missing, should be redone, references added etc. Some feedback might also be provided by your fellow Wikipedia editors. You are not obliged to edit the pages before this partial deadline, but we do advise it strongly, as it will give you time to improve your contributions before they are graded once the final deadline passes.
4. The final deadline for finishing your contributions is **May 18, 2018, 23:59**.
5. You are expected to contribute around 1000 words. This is not a strict requirement, however, any significant deviations from this range need to be adequately justifiable. This number is the total number of words you add in all pages that you are assigned to.
6. Writing Wikipedia articles has its own rules. Try to follow these as closely as possible in order to contribute quality material. Read about editing Wikipedia [here](#) or [here](#). The goal is to create quality encyclopedic content that will pass through the peer approval process (i.e. it will not be discarded by other Wikipedia users).
7. There will be some pages to choose from that are in Czech. Obviously, this is for Czech-speaking students only. The aim is to help fill content to Czech Wikipedia as well, since many pages regarding Public Finance are not very well written or are very incomplete. All conditions are the same for editing Czech and English Wiki pages. Simply translating English Wiki pages is not admissible, you always have to use external sources. However, you may, of course, use the original sources cited on English Wikipedia to contribute to Czech pages.
8. Add as many references to reliable sources as possible. This will help the credibility of your contribution and will make the peer approval process safer.

Appendix B – Final exam

The final exam (max. 50 points) will cover material from all the lectures, home assignments and your textbook (Stiglitz, Economics of the Public Sector, third edition; only chapters covered in lectures).

The exam is closed-book, so you cannot use your computers, books or notes during the exam. You can use calculators (cell phones are not allowed to be used as calculators). You will have 80 minutes to finish the test.

The exam will consist of three parts. Part 1 consists of multiple choice questions and only one answer is correct. In Part 2, you are asked to indicate whether a statement is true or false, and if is false, to explain why it is false. Part 3 consists of 5 open questions. Answer the questions briefly, but precisely - a long answer does not imply a high score, a precise one does.

More information on exams and a sample exam will be provided during the semester.