

Public Finance - Syllabus

Summer Semester 2023/2024, IES CUNI

This version: February 20, 2024

Useful links

[MS Teams](#) (code to join: bfg4u8c), [YouTube playlist](#), [the Wiki edit project](#)

1 Basic information

Codes: JEB025 ([SIS](#)), JEM164 ([SIS](#)), NMF306 ([SIS](#))

Lecturers: [Miroslav Palanský](#), [Petr Janský](#), [Ondřej Schneider](#), [Marek Šedivý](#)

Teaching assistants: [Bathusi Gabanatlhong](#), [Tomáš Boukal](#), [Jan Žalman](#)

Schedule: Feb-May 2024, Tuesdays, 14:00-15:20 (see detailed schedule in [Section 4](#))

Place: IES, Opletalova 26, room 109, in hybrid form using [MS Teams](#) (code to join: bfg4u8c).

This course introduces the basic concepts in the field of public finance. It focuses on the role of the government and the rationale for governments' actions, market failures, inequality, theory of public spending and budgets, the welfare state, public choice theory, taxation, and the impact of taxes on economic activities.

There are three groups of students that attend this course. First, [JEB025](#) is attended by IES students for whom this is an elective course. Second, [JEM164](#) is attended by students of the IEPS programme for whom this is a mandatory course. Third, [NMF306](#) is attended by students from the Faculty of Mathematics and Physics for whom this is a mandatory course.

This course is being taught in person at IES and lectures are streamed online via [MS Teams](#). We use [MS Teams](#) also for communication, storage of lecture recordings (these are also stored on this [YouTube playlist](#)), and submission and grading of assignments. Exams will take place in person only.

2 Course requirements

Students can obtain up to 100 points by fulfilling three types of requirements: Problem Sets (20 points), Wiki Edits (20 points), and Final Exam (60 points). There is no minimum number of points that students need to obtain from individual requirements. The requirements and their deadlines are summarized in [Table 1](#). The sum of points obtained from these requirements will then be translated into a grade according to the grading schedule shown in [Section 3](#).

Table 1: Course requirements

| Requirement | Maximum points | Announced | Deadline |
|---------------|----------------|-------------------|-------------------------------|
| Problem Set 1 | 10 | March 19, 2024 | March 25, 2024, 18:00 |
| Problem Set 2 | 10 | April 16, 2024 | April 22, 2024, 18:00 |
| Wiki Edits | 20 | February 20, 2024 | April 29, 2024, 18:00 |
| | | | Exam 1 on May 21, 2024, 14:00 |
| Final Exam | 60 | | Exam 2 in June (TBC) |
| | | | Exam 3 in June (TBC) |
| | | | Exam 4 in September (TBC) |
| Total | 100 | | |

2.1 Problem Sets (max. 2×10 points)

There will be two Problem Sets (PS) with a maximum of 10 points for each, announced in the beginning of the lectures on March 19, 2024 (PS1) and April 16, 2024 (PS2) and posted in [MS Teams](#). Problem Sets are individual work. You will have one week (i.e. until 18:00 before the following lecture) to submit your solution. Submit it via [MS Teams](#) (in .pdf format; may be *legibly* hand-written and scanned) until March 25, 2024, 18:00 (PS1) and April 22, 2024, 18:00 (PS2). If you have any questions about Problem Sets, please write us a message in the corresponding channel on [MS Teams](#) or write a private message on [MS Teams](#) to Bathusi Gabanathlong.

2.2 Wiki Edits (max. 20 points)

As a group, we will contribute to the public good provided by Wikipedia by improving articles related to public finance topics. In doing so, you will learn the useful skill of editing Wiki pages, you will study in depth a topic of your choosing, and you will help other Wikipedia users by improving the articles. Over the last 7 years, the 649 active students of this course added over 985 thousand words to Wikipedia articles that were since viewed over 4 million(!) times (as of February 2024).

To complete Wiki edits, you are asked to first create an account on Wikipedia (if you don't yet have one) and then register in [the Wiki edit project](#) that tracks Wikipedia edits, sign up for topics and contribute to Wikipedia. There will be a list of Wikipedia pages on topics from public finance that need improvement, or, alternatively, you can choose your own topic and let us know so we can add it to the system. You are asked to assign yourself to one or more pages in the system and then simply make a contribution to Wikipedia using your Wikipedia account. All your edits are registered in the Wikiproject automatically as long as you are logged into your Wikipedia account.

Wikipedia edits are individual work. You are expected to contribute around 8000 characters (or around 1000 words) to Wikipedia. Please save your edits also on your computer after you submit them to Wikipedia, because sometimes, the edits are deleted by other users of Wikipedia and there would then be no way for us to see your edits. You should finish your edits by April 29, 2024, 18:00. After that, your edits will be checked by us and you will obtain a grade for your assignment based on the quality of your edits. You can obtain up to 20 points for Wiki edits. See Appendix A for more information on Wiki edits. If you have any questions or problems with Wiki edits, please write us a message in the

corresponding channel on [MS Teams](#) or write a private message on [MS Teams](#) to Jan Žalman.

2.3 Final Exam (max. 60 points)

The final exam will be a written test and will cover material from all the lectures, both problem sets 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.

3 Grading

Your final grade will consist of three parts: Problem Sets (2 x 10 points, max. 20 points), Wiki edits (max. 20 points) and the final exam (max. 60 points). The final grade will be determined based on the intervals in Table 2.¹

Table 2: Course grading

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

4 Schedule

Table 3 shows a preliminary schedule of the course. Please note that changes to this plan may be announced during the semester.

¹Note that for students from the Faculty of Mathematics and Physics (NMF306), we follow the scale 1-4 instead of A-F. Therefore, the intervals are as follows: 1 - [100 – 83.33); 2 - [83.33 – 66.67); 3 - [66.67 – 50); 4 - [50 – 0].

Table 3: Course schedule

| Week | Date | Topic | Chapters* | Lecturer |
|------|--------|---|---------------|---|
| 1 | Feb 20 | Economic rationale for the government | 1, 2, 3, 4, 5 | Miroslav Palanský |
| 2 | Feb 27 | Externalities | 9 | Miroslav Palanský |
| 3 | Mar 5 | Inequality | | Marek Šedivý |
| 4 | Mar 12 | Central and local government public finance | 27 | Petr Janský, Petr Bouchal |
| 5 | Mar 19 | Public expenditure | 10 | Petr Janský, Tomáš Vyhnánek, Daniel Kolář |
| 6 | Mar 26 | Old-age pensions | | Ondřej Schneider |
| 7 | Apr 2 | Health economics | 12 | Ondřej Schneider |
| 8 | Apr 9 | Public choice theory | 7, 8 | Miroslav Palanský |
| 9 | Apr 16 | Taxation, tax incidence | 17, 18 | Miroslav Palanský |
| 10 | Apr 23 | Optimal taxation, personal income taxation | 19, 20, 22 | Miroslav Palanský |
| 11 | Apr 30 | Corporate taxation | 23 | Petr Janský |
| 12 | May 7 | Tax evasion | 24 | Miroslav Palanský |
| 13 | May 14 | No teaching this week: Rector's Day | | |

*These chapter numbers refer to the course textbook (Stiglitz, Economics of the Public Sector, third edition).

5 Literature

The main resource for students are lecture slides which will be posted in [MS Teams](#) before each lecture. For the exam, students are expected to understand all concepts mentioned in the slides. The lectures loosely follow (but also cover additional topics) the main textbook of the course, which is Stiglitz, J.E. (2000) Economics of the Public Sector, third edition. There are a number of copies of this textbook in the IES library. Also, there is a more recent, fourth edition of this textbook, published in 2015, which is very much recommended, but it is not the official course textbook because there are not enough copies in the IES library. Students can find many additional resources online. There are also a number of textbooks from other authors that cover similar topics:

- 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

For topics covered during the lecture titled “Inequality” you can refer to the following textbook:

- Ravallion, M. (2015). The economics of poverty: History, measurement, and policy. Oxford University Press.

6 Communication

We use [MS Teams](#) as a primary communication tool for announcements.

If you have any questions, do not hesitate to contact us by writing us a message in the relevant channel on [MS Teams](#), a private message on [MS Teams](#), or via e-mail. Regarding lectures, please contact the relevant lecturer (the email address of which you can find in Section 1). With more general questions about the course, contact [Miroslav Palanský](#). Regarding Problem Sets, please contact [Bathusi Gabanathlong](#). Regarding Wiki edits, please contact [Jan Žalman](#).

Appendix A: Wiki Edits

To edit Wiki pages, you need two registrations. First, you must be a registered Wikipedia user. To register, go to [Wikipedia.org](#) and sign up. Please register with a username that is descriptive of your real name (i.e. use something like “johnsmith” rather than something like “coolguy561”) so that we can identify you. Second, we will use an online tracking system to track your edits. For us to be able to track your edits, you must register in the [the Wiki edit project](#) and thereby enroll to the ‘IES FSV UK - Public Finance 2023’ Wikiproject.

Once you are enrolled in the Wikiproject, go to the item ‘Articles’ in the top menu and select a Wikipedia page that you wish to contribute to. Then, anytime you edit your assigned Wiki pages and are signed in to Wikipedia, the system will record your edits and we will then be able to see them.

Please save your edits also on your computer, because sometimes, your edits can be deleted by other Wikipedia users before we get to grading them. In these rare cases, there is no way for us to check your edits.

Please be aware that sometimes, it takes a day or two for the system to register your edits; but don’t worry, as long as you are signed in under your Wiki login and you are assigned to the edited pages in the system, it will register your edits eventually. Even though the system is fairly intuitive, in case of any problems or questions, please contact [Jan Žalman](#).

Below are some rules to follow when contributing to Wikipedia. Please follow these rules as closely as possible to obtain the best possible grade.

1. Wikipedia page editing is, for the purposes of this assignment in this course, an individual task.
2. You may choose any Wikipedia page related to public economics 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 tab ‘Articles’. In case you choose a page that is not yet in the system, write an e-mail to [Jan Žalman](#) and he will add it to the system. You may assign yourself to one or more Wiki pages.
3. The edits you make to different pages that you are assigned to will automatically add up in the tracking system. It takes some time (up to a couple of days) for your edits to be registered in the system, but don’t worry, they will show up there eventually.
4. The final deadline for finishing your contributions is April 29, 2024, 18:00.
5. You are expected to contribute around 8000 characters (or around 1000 words). This is not a strict requirement, however, any significant deviations from this range need to be adequately

justifiable. This number refers to the total number of characters you add in all pages that you are assigned to. On the Wikiproject's page you can see the number of characters you contributed (please do allow some time for your changes to be reflected in the tracking system as they do not appear immediately).

6. Writing Wikipedia articles has its own rules and requires following certain procedures. 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 deleted by other Wikipedia users). Importantly, do not express opinions unless they are cited. Following these rules of best practice will guarantee you a good grade for this assignment; not following them can mean you will not get a good grade for this assignment.
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 Czech pages on public economics topics 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 (academic articles, books) as possible. This will help the credibility of your contribution and will make the peer approval process safer.
9. Please do not forget to save your contributions also offline on your computer, because sometimes, the edits might get discarded by other Wikipedia users and you might lose these edits.

Appendix B: Final Exam

The final exam (max. 60 points) will cover material from all the lectures, problem sets, and your textbook (Stiglitz, Economics of the Public Sector, third edition; only chapters covered in lectures).

The exam will take place in person only. You will have 80 minutes to finish and submit the exam. There will be true/false questions, multiple-choice questions, and open questions. For multiple-choice questions, only one answer is correct. For the open questions, answer the questions briefly, but precisely—a long answer does not imply a high score, a precise one does.

This is a closed-book, individual exam - you are not allowed to use any materials (such as your notes or the textbook) during the exam nor to collaborate with other people.

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