

Title:	Public Finance
Lecture hours:	15 h of lectures, 15 h of class
Study period:	Fall
Level:	Basic bachelor
Location:	Wroclaw
Assessment:	<i>Written examination and students project</i>
Language:	English
Prerequisites:	<i>Foundations in economics</i>
Learning activities and methods used	Lecture, Questioning, Small group activities, class discussion, case studies
Course content:	<p>Lectures:</p> <p>1. Philosophical and Analytical Frameworks for Public Finance What is 'public finance'? Philosophical underpinnings of public finance Public finance under Libertarianism. Public finance under Neo-Liberalism. Public finance under Collectivism</p> <p>2. Why to study public finance? Market failures, externalities. When should the government intervene in the economy? How might the government intervene? What is the effect of those interventions on economic outcomes? Why do governments choose to intervene in the way that they do?</p> <p>3. Spending Public Finance Spending public finance in accordance with the 4Es: Efficiency Equity Economy Effectiveness. Public Expenditure Policy. Public Goods and Private Goods</p> <p>4. Raising Public Finance. Government revenue From what sources can public finance be raised? How is public finance raised in practice? What is the optimum combination of the different sources of public finance? .</p> <p>5. Taxation trends in the European Union Tax harmonization versus tax competition in the EU. Economics of Taxation. Taxation of Income and Wealth. Taxation of Consumption and Trade. Taxation and the Environment</p> <p>6. Public finance and budget in EU. Budgetary procedure. EU `s budget revenues. Obligatory and non-obligatory expenditures. Evolution of public finance in EU. Policies for reducing regional disparities (Structural funds and the cohesion funds in the EU)</p> <p>7. Challenges of EU budget in new financial perspective 2014-2020.</p> <p>Class topics</p> <ul style="list-style-type: none"> • The global crisis and role of governments. The crisis and the government intervention in the economy. The dichotomy between state and market. New relation between the market and the state after the crisis. Role of government (public finance) in saving economies. Cases of selected countries. • Direct and indirect taxes as a tool to balance budgets of EU countries after the financial crisis. • Financing education. Role of public and private education in knowledge based economy? Investment in human capital. How education expenses influence competitiveness of the country. • Financing health care system in selected countries. Factors influencing public health. Report of Lalond. Why citizen are not satisfied with this system? Can we effort to provide all health services. What public finance should finance in the fields of health? • Taxation system in selected EU countries (new and old members of EU). How it influence competition, attractiveness and growth of new member countries? Trends in taxation policy. Indirect taxes as an instrument in fiscal policy during the crisis. The tax reforms after the global crisis. Taxing "bad" not "good" behaviors. The financial transaction tax. The Robin Hood tax. • The environmental taxation. The environmental taxation reform. Climate changes, pollution

	<p>and resource scarcity –important issue for public finance. The cost and risk of environmental problems for the economy. The sustainable development strategies. How selected states are financing their sustainable development? (Cases of Germany, Sweden, UK, Denmark).</p> <ul style="list-style-type: none"> • Public debt and budget’s deficit – how it influence the economic growth in Eurozone. Deficit of budgets and public debt in Europe in 2008-13. Causes and consequences. Special situation of Eurozone. Tools of EU’s policy to overcome the problems. Effectiveness of the austerity program. • Public finance and demographic tendencies. How to avoid bankruptcy of social security and health care system. Public finance and aging process in Europe. The low birth rate and negative impact of social structure. Financial instrument supporting balance in public finance caused by demographic trends. Case study. • Tax heavens What is a tax haven? What do tax heavens do? What are the consequences of tax haven secrecy? Impact of tax heavens on world economy.
Learning outcomes:	<p>Knowledge about the public finance’s philosophical and analytical frameworks, bigger awareness of the role of government and public finance in modern economy. Explain public finance principles and theories. Ability to analyze revenues and expenditures of the budget. Skills to evaluate impact of economic and social trends (demographic processes, financial crisis, climate change) on public finance. Demonstrate effective communication skills.</p>
International perspective	<p>There is a growing role of governments and public finance after the global financial crisis. Budgetary deficit and public debt are current issues in many countries. The relation between the market and state has to be defined again.</p>
Corporate relevance	<p>Corporation are using public finance in form of structural funds. Public spending are supporting certain actions and attracts private investments. Is worth to know what is strategic direction of public finance.</p>
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Basic Literature:	<p>Required course text: 1.Strategic Public Finance by Stephen J. Bailey Publisher: Palgrave Macmillan 2003. Reference texts: 1.Joseph E.Stiglitz , Economics of the Public Sector, W Norton & Co Ltd; 1988 2.Gruber, J. Public Finance and Public Policy. New York: Worth Publishers. 3.Arye L. Hillman’s “Public Finance and Public Policy, Responsibilities and Limitations of Government” 4.Harvey S. Rosen, Public Finance, Irwin 1995. 5.J.R. Aronson, Public Finance, McGraw–Hill Book Company 1985.</p>