

Public Finance

Syllabus, Summer Semester 2026

Institute of Economic Studies, Faculty of Social Sciences, Charles University, Prague

This version: March 10, 2026

Useful links

[MS Teams](#) (code to join: zszgygy) – please make sure you are signed in with your `@cuni.cz` account, not your `@fsv.cuni.cz` account, otherwise you will not be able to join

[YouTube playlist](#)

1 Basic information

Codes: JEB025 (SIS), JEM164 (SIS), NMF306 (SIS)

Lecturers: Miroslav Palanský, Petr Janský, Ondřej Schneider, Aleš Bělohradský, Marek Šedivý

Teaching assistants: Kristina Zindulková, Jan Žalman

Schedule: Feb-May 2026, 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: zszgygy).

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 two types of requirements: four Problem Sets (40 points) and the 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 3, 2026	March 9, 2026, 18:00
Problem Set 2	10	March 17, 2026	March 23, 2026, 18:00
Problem Set 3	10	March 31, 2026	April 6, 2026, 18:00
Problem Set 4	10	April 14, 2026	April 20, 2026, 18:00
Final Exam ¹	60	Exam 1 on May 19, 2026, 14:00	
		Exam 2 on June 9, 2026, 14:00	
		Exam 3 on June 23, 2026, 14:00	
		Exam 4 on September 8, 2026, 14:00	
Total	100		

2.1 Problem Sets (max. 4×10 points)

There will be four Problem Sets (PS) with a maximum of 10 points for each, announced in the beginning of the lectures on March 3, 2026 (PS1), March 17, 2026 (PS2), March 31, 2026 (PS3), April 14, 2026 (PS4) and posted in [MS Teams](#). Problem Sets are individual work. You will have one week (i.e. until 18:00 on the day 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 9, 2026, 18:00 (PS1), March 23, 2026, 18:00 (PS2), April 6, 2026, 18:00 (PS3), and April 20, 2026, 18:00 (PS4). If you have any questions about Problem Sets, please write us a message on [MS Teams](#) (either in the public channel or privately to any of the teaching assistants).

2.2 Final Exam (max. 60 points)

The final exam will be a written test and will cover material from all the lectures, all 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 four exam dates announced in the SIS as outlined in Table 1.

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.

3 Grading

Your final grade will consist of two parts: Problem Sets (4 x 10 points, max. 40 points) and the final exam (max. 60 points). The final grade will be determined based on the intervals in Table 2.²

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.

Table 3: Course schedule

Week	Date	Topic	Chapters*	Lecturer
1	Feb 17	Economic rationale for the government	1, 2, 3, 4, 5	Miroslav Palanský
2	Feb 24	Inequality	10, 11	Marek Šedivý
3	Mar 3	Modern government spending	15	Petr Janský, Tomáš Holub
4	Mar 10	Public goods, externalities	8, 9	Miroslav Palanský
5	Mar 17	Central and local government public finance	26, 27	Aleš Bělohradský
6	Mar 24	Old-age pensions	14	Ondřej Schneider
7	Mar 31	Health economics	12	Ondřej Schneider
8	Apr 7	Public choice theory	7	Miroslav Palanský
9	Apr 14	Taxation, tax incidence	17, 18	Miroslav Palanský
10	Apr 21	Optimal taxation, personal income taxation	19, 20, 22	Miroslav Palanský
11	Apr 28	Corporate taxation, tax avoidance	23, 24	Petr Janský
12	May 5	Capital taxation, tax evasion, financial secrecy	21	Miroslav Palanský
13	May 12	<i>No lecture / guest lecture (TBA)</i>		

* These chapter numbers refer to the course textbook (Stiglitz, Economics of the Public Sector, third edition). See Section 6 for more reading.

²Note 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].

5 Use of AI

The use of AI is allowed and encouraged while participating in this course, primarily as an additional resource for learning about the topics we cover. This also includes completing the Problem Sets, in which the use of AI to improve the solutions is encouraged and will sometimes even be required. Obviously, during the in-person, closed-book final exam, the use of AI is not allowed.

6 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 materials:

- Ravallion, M. (2015). *The economics of poverty: History, measurement, and policy*. Oxford University Press. (Chapters 5.2, 7.1)
- Milanovic, B. (2015). *Repeat after me: Wealth is not income and income is not consumption*. Available [here](#).

Those interested by the subject are encouraged to follow-up with the following materials:

- Atkinson, A. B. (2015). *Inequality: What can be done?* Harvard University Press.
- Bourguignon, F. (2015). *The globalization of inequality*. Princeton University Press.
- Milanovic, B. (2016). *Global inequality: A new approach for the age of globalization*. Harvard University Press.

7 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 (either via MS Teams, or you can find their email addresses in [Section 1](#)). With more general questions about the course, contact [Miroslav Palanský](#). Regarding Problem Sets, please contact any of the teaching assistants.