



Degree in Business Economics Academic year 2015/16

Public Economics (III year, I semester, 6 CFU)

Name of the teacher: Prof. Salvo Creaco

Student receiving place: Palazzo delle Scienze – C.so Italia, 55 – Catania, room, 8 - IV floor

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Students' office hours: Monday and Tuesday: 10-11

General Objectives of teaching in terms of expected results of learning

Knowledge and understanding: students will acquire in-depth knowledge and understanding of the role that the State plays in market economies by means of financial tools and the definition of the game's rules which all members of the society have to respect as far as their economic behaviour is concerned. Common to the extensive set of knowledge and skills acquired during the course is the possibility for the student to develop the understanding of the multiple aspects which distinguish the state's decisional process with regard to allocation, stabilization and redistribution.

Applying knowledge and understanding: students will be able to properly evaluate the problems regarding the state's presence in an economic system where different subjects, either public or private for-profit or private not-for-profit, interact.

Making judgements: students will acquire the ability to employ the economic approach to formulate their personal opinion, critical and freestanding, on those aspects that concern the state's presence in a complex economic system, where subjects are expected to act in their own self-interest.

Communication skills: students will be able to communicate, in a clear and unambiguous way, to either experts or non-experts, their opinion concerning the state's role in market economies, also through written works, diagrams and graphs, employing the existing information technologies for the presentation, acquisition and exchange of knowledge. Evaluation of the communication skills, in a concise and/or analytic form, will take place formally during the oral exam, leaving the possibility to evaluate students' communication skills also through interactive interventions during the in-class lectures.

Learning skills: students will acquire a high learning capacity that will allow them to be autonomous in the management of their professional updating process concerning the evaluation of the activities that the state undertakes in an economic system through both budget management and regulation. This type of knowledge is nowadays of increasing importance mainly because of the debate on the best way to implement privatization policies.

Pre- requisites

None. Although not mandatory, a good knowledge of microeconomics tools at basic level is endorsed.

Teaching organization/ methods

Lectures with slides and exercises.

Attendance

Normally mandatory

Reference texts

1. Paolo Bosi (a cura di), Corso di Scienza delle Finanze, il Mulino, Bologna, 2015, VII Edizione.

Further readings will be provided during the course and made available via the "Studium" course webpage.



Evaluation	If provided, in itinere evaluation	Evaluation is always carried out by means of a written and/or an oral test.
	If provided, final term evaluation	The reservation for the exam has to be made mandatory online.
	Evaluation dates	http://www.economia.unict.it/Didattica/Diario-esami

Way of delivery

All references and others didactical material is available at the STUDIUM platform

Course Syllabus

The first part of the course program is dedicated to the study of the general principles of the state's intervention in the modern market economies. The program goes on with the theory of government revenues, paying special attention to the distortive effects of taxes. The fundamentals of the financial decentralization are also considered. The program ends with the analysis of the reasons for reducing the state's intervention within the economic system. The course consists of 20 lectures, each lasting 2 hours. In what follow a tentative scheduling of the topics covered in the lectures

Show with a star (*) all the topics that are mandatory to succeed in the exam

Topics	References
1. The reasons for public intervention in market economy	Text 1: chapt. 1, paragraph 1
2. Economics tools to assess public intervention in market economy	Text 1: chapt. 1, paragraph 1
*3. Welfare Economics and Public Finance	Text 1: chapt. 1, paragraph 1
*4. Economics of public goods and public choice	Text 1: chapt. 1, paragraph 2
*5. Other causes of market failure	Text 1: chapt. 1, paragraph 3
*6. Introduction on taxation	Text 1: chapt. 3, paragraphs 1, 2 (excluding sub-paragraph 2.5) , 3 e 4
*7. More on taxation	Text 1: chapt. 3, paragraphs 1, 2 (excluding sub-paragraph 2.5) , 3 e 4
*8. Efficiency implications on taxation	Text 1: chapt. 3, paragraph 7 (only sub-paragraph 7.1, 7.2, 7.3, 7.4)
*9. Tax incidence in partial equilibrium	Text 1: chapt. 3, paragraph 8
*10. Tax incidence in partial equilibrium	Text 1: chapt. 3, paragraph 8
*11. Tax incidence in partial equilibrium	Text 1: chapt. 3, paragraph 8
*12. Decentralization and fiscal federalism	Text 1: chapt. 5, paragraph 1
*13. Decentralization and fiscal federalism	Text 1: chapt. 5, paragraph 1
*14. More on decentralization and fiscal federalism	Text 1: chapt. 5, paragraphs 2 and 3
*15. Intergovernmental transfers	Text 1: chapt. 5, paragraph 4 (excluding sub-paragraph 4.3)
*16. More on intergovernmental transfers	Text 1: chapt. 5, paragraph 4 (excluding sub-paragraph 4.3)
*17. Public utilities and competition policies	Text 1: chapt. 7, paragraph 1



***18. Natural monopoly**

Text 1: chapt. 7, paragraph 2

***19. Regulation of public utilities**

Text 1: chapt. 7, paragraph 3

***20. Competition policies**

Text 1: chapt. 7, paragraph 4 (excluding sub-paragraph 4.3)

Typical/frequent questions/exercises

1. The reasons for public intervention
 2. Welfare Economics and Public Finance
 3. The Economics of public goods and the mechanisms of political decisions
 4. The causes of market failure
 5. The theory of taxation
 6. Public revenues
 7. The theory of taxation;
 8. The taxonomy of taxes
 9. Criteria for allocating the tax burden
 10. The distorting effects of taxes
 11. tax incidence in partial equilibrium
 12. Fiscal decentralization
 13. Ideological, political, organizational and economic explanations for financial decentralization
 14. The economic theory of financial decentralization
 15. Public utilities and competition policies
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