UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Public Finance

2021-1-A5810003

Learning objectives

Public Finance, or Public Economics according to the recently adopted terminology, concerns the economic analysis of the State: how the government does affect the level of income, consumption and investments, the functioning of the markets, the wellbeing of citizen, and so on. Starting from the description of market failures and their motivations, the theory of public finance motivates governments' intervention in the economic sphere in the presence of natural monopoly, externalities, public goods and asymmetric information. Specific attention is devoted to the various topics related to taxation, both national and international, and to the main categories of public expenditure, particularly in the sectors of health care, education and social security. The process of public decision making is also treated in details and the main rules employed in the political and electoral mechanism are critically discussed. A specific space is assigned the analysis of Fiscal Federalism. The modern views of public sector economics are also compared to the Classical view on the economic systems.

Contents

1. Classical theories of the State intervention in the economy

2. Market theory: demand and supply; consumer; firm; equilibrium theory; market structures.

3. Welfare economics: First and second theorem of welfare economics. Market failures: public goods, externalities, natural monopoly, asymmetric information. Regulation.

4. Social choice and efficiency: social welfare function; voting and the Impossibility theorem; fiscal federalism.

5. Instruments of public intervention: taxation, public expenditure and social services

Detailed program

1. The Italian Constitutional Chart (sections related to economic and fiscal rules)
2. Microeconomics: Market analysis, Consumer's theory, elasticity and market dynamics, theory of the firm, Markets
3. Welfare Economics and the role of the State;

4. Public Goods; Externality; Asymmetric information; natural monopoly and regulation

5. Public choice.

6. Fiscal federalism.
7. Theory of taxation.

Prerequisites

none

Teaching methods

Virtual and live lectures

Assessment methods

Written exam

Textbooks and Reading Materials

Group (M-Z): Reading materials available during the course and B. Bosco, L. Parisio, *Lezioni di Scienza delle Finanze*, Giappichelli, Torino, 2008.