UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Public Finance - A-L

2526-1-LMG01A005-AL

Learning objectives

“Public finance” is the first economic course for undergratuate students in Law, as well as the only compulsory one.

The course explores the most relevant aspects of modern public finance and analytically addresses topical issues. The aim is to provide students with the necessary tools to interpret and understand the meaning, the problems, and the potential of the role of the state in the modern economy.

At the end of the course, students:

will know and will be able to understand the fundamental aspects and problems concerning the economic role of the state;
on the basis of this knowledge, will be able to analyse and discuss the main characteristics of a tax system; will be able to compare the temporal evolution of national tax systems and make comparisons in an international context;
will be able to assess the effects of reforms, in particular for taxation, pension systems and fiscal federalism;
will be able to present the results of their analyses and contribute to the debate on the most topical issues relating to the public economy;
will be able to independently address the study of the topics covered by the course, as well as those related to it;
finally, will also be able to assess the effects of legal regulations and choices, whether of private, commercial, fiscal or constitutional law, on the economic well-being of society.
All the other economic and quantitative courses (e.g.: “Political Economy”, “Economic Policy”, “Statistics”) will allow students to resume, expand and deepen the concepts and notions acquired by during the “Public finance” course.

Attendance, although not compulsory, is nevertheless strongly recommended.

Contents

1. Introduction to the course (1h)
2. Introduction to microeconomics (4h)
3. Introduction to macroeconomics (2h)
4. Welfare economics and market failures (12h)
5. The theory of public choice (12h)
6. Public spending and state budget (5h)
7. Pensions (12h)
8. Fiscal federalism (12h)
9. Tax theory (12h)

Detailed program

1. Introduction to microeconomics: consumer theory, cost functions, market forms (chapters 1-5; Sloman-Garrat)
2. Introduction to macroeconomics: gross domestic product, economic, monetary and fiscal policy, IS-LM model, aggregate supply and demand, the Phillips curve (chapters 7-8, 10-11; Sloman-Garrat)
3. Welfare economics and market failures: the conditions of efficiency in economics, market failures: public goods, externalities, information asymmetries, monopoly, social welfare functions (chapters 2-5, 7; Bosco-Parisio)
4. The theory of public choice: Arrow's impossibility theorem, direct democracy, representative democracy (Chapter 7; Bosco-Parisio)
5. Public spending and the state budget: the evolution of public spending in Italy and around the world, spending review processes, public debt, the formation of the state budget and public administrations (chapter 1; Bosco-Parisio)
6. Pensions: the existence of pension systems, classification of pension systems, distribution of risks, pensions in Italy and in the world
7. Fiscal federalism: traditional theories of fiscal federalism, the sources of financing of decentralized bodies, fiscal federalism in Italy, the budget of the municipalities (chapter 12; Bosco-Parisio)
8. Tax theory: definition and classification of taxes, economic and distributive effects, tax progressiveness (chapters 8-10, 11; Bosco-Parisio)

Prerequisites

No prerequisites needed

Teaching methods

Lectures, possible on-line supplementary material

Assessment methods

Written test consisting of 10 multiple-choice questions and 5 short answer questions.
The exam can be administered in paper or digital format, depending on the rules in force at the University at the

time of the tests.
The exam will not focus on the introductory contents of microeconomics and macroeconomics.

Textbooks and Reading Materials

Every undergraduate textbook of “Public finance” or “Public economics” can be an excellent reference for the course contents. However, the teacher recommends using the following manuals:

B. Bosco, L. Parisio, Lezioni di scienza delle finanze, Giappichelli, Turin, 2008 (in Italian)
F. Cerniglia, R. Longaretti, L. Parisio, Compendio, Giappichelli, Torino, 2023 (in Italian)

The chapters used are indicated in the “Detailed program” section. For the parts not contained in the textbook, additional references will be provided in class.

Even regarding the initial classes on microeconomics and microeconomics, reference can be made to any textbook. The teacher suggests one of the followings:

F. Cerniglia, R. Longaretti, L. Parisio, Compendio, Giappichelli, Torino, 2023 (in Italian)
J. Sloman, D. Garrat, Elementi di economia, Il Mulino, Bologna, latest edition (in English or Italian)

Sustainable Development Goals

PEACE, JUSTICE AND STRONG INSTITUTIONS