UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

# COURSE SYLLABUS

# Public Finance - 1

**2627-3-E1802M169-T1**

## Learning objectives

At the end of the course, students will be able to:

1. **Knowledge and understanding**
    - Acquire the fundamental concepts of public finance, including the rationale for public intervention, financing and expenditure mechanisms, and institutional and budgetary constraints.
2. **Applying knowledge and understanding**
    - Apply theoretical tools to the analysis of real-world cases concerning public goods, taxation, public utilities, regulation, and fiscal policies.
3. **Making judgements**
    - Critically assess public policy choices in terms of efficiency, equity, and sustainability, also considering European constraints and contemporary economic transformations.
4. **Communication skills**
    - Clearly and effectively communicate concepts and results related to public finance issues, both in academic contexts and in applied discussions.
5. **Learning skills**

- Develop an autonomous study method and the ability to stay updated on legal, institutional, and policy developments in the field of public finance.

## Contents

The Public Finance course examines the role of the State in the economy, the rationale and tools of public intervention, with particular focus on market failures, public goods, and collective interactions. It explores the principles of taxation and the effects of taxes, the characteristics and modes of provision of public utilities, as well as regulatory frameworks and competition policies. Significant attention is devoted to the public budget, national and European institutional constraints, and economic planning processes. Finally, the course addresses the role of public enterprises and the transformations linked to privatizations, liberalizations, and indirect tools of economic governance. The approach combines theoretical foundations, institutional analysis, and applications to real-world cases.

## Detailed program

**Introduction **

- Key concepts
- Theories and justice
- Welfare economics and public finance

**Reasons for Public Intervention**

- Environment and economics
- Justifications for intervention: allocative efficiency, distributive equity, social functions
- Market failures: externalities, public goods, information asymmetries

**Public Goods and Collective Interactions**

- Common goods and collective-use resources
- The free-rider problem and possible remedies
- Game theory applied to public goods and common resources

**Public Revenues and Tax Theory**

- Principles of taxation: equity, efficiency, ability-to-pay vs. benefit principle
- Taxonomy of taxes: direct, indirect, local, environmental
- Effects of taxation: distortions, evasion, incidence, progressivity

**Public finance in Europe**

- European integration
- Maastricht treaty, Stability pact, fiscal rules

**Public Budget and Institutional Constraints**

- European constraints: Stability Pact, Maastricht, fiscal rules
- Public accounting: introduction to financial and accrual accounting

- The State budget and the budget law
- Economic planning: national budgets and local government budgets

**The State and Enterprises in the Contemporary Economy**

- Public enterprises: governance models and role in strategic sectors
- Privatizations and liberalizations: motivations, processes, effects in Italy
- Beyond public enterprises: indirect tools of intervention and economic governance

**Public Utilities and Regulation**

- Public provision and characteristics of public utilities (energy, transport, water, telecommunications, waste…)
- Modes of provision: public management, private management, procurement, concessions, PPP
- Economic regulation and competition policies

## Prerequisites

Microeconomics adn Macroeconomics

## Teaching methods

The course is delivered mainly through lectures, aimed at providing the theoretical and institutional foundations of public finance. In addition, a number of interactive sessions are planned, focusing on case studies, applied exercises, and discussions with students.

## Assessment methods

Assessment is based on a written exam with open-ended questions to test theoretical knowledge and applied skills (DD1, DD2), as well as independent judgement and clarity of exposition (DD3, DD4). Active participation in interactive sessions contributes to the assessment of communication skills and autonomous learning capacity (DD5). The final grade reflects mastery of concepts, critical application, and communication effectiveness

## Textbooks and Reading Materials

Teaching materials will be provided by the instructor and may be supplemented with articles.

## Semester

Fist semestre

## Teaching language

Italian

## Sustainable Development Goals

REDUCED INEQUALITIES | SUSTAINABLE CITIES AND COMMUNITIES | PEACE, JUSTICE AND STRONG INSTITUTIONS