

Public Sector I (20847)

Degree: Grau en Economia

Course: third

Term: first

Number of ECTS credits: 5

Hours of student dedication: 125 h

Language of teaching: English

Professor: Gabrielle Fack (gabrielle.fack@upf.edu)

Office hours: Monday 14.45-15.45, Office 20.2E82 (Jaume I Building)

Teaching Assistant: Emma Duchini (emma.duchini@upf.edu)

Lectures: Monday & Tuesday 13.00-14.30, room 20.047

Seminars: Friday, room 20.137

Group 301, 13.00-14.30; Group 302, 14.30-16.00; Group 303, 9.00-10.30

1. Course Description

The objective of this course is to present, at an intermediate level, the main concepts of public economics and analyze the implications of government intervention in the economy. In this course, we aim to analyze the reason for government intervention in terms of efficiency and equity; to study its effects on the economy and on social welfare; and to assess which instruments best serve this purpose. During the course, we will present and discuss the fundamental theorems of welfare economics, study the main market failures, and analyze what are the most appropriate instruments for different types of public intervention in the economy: expenditure (the choice between direct production and contracting out, the analysis of transfers), revenues (taxes and prices and their economic effects), with respect to the role of government (regulation, public action, financial activity). Finally we will discuss the coordination problems arising with fiscal federalism, when the responsibilities for public sector intervention are shared between local, national and international institutions.

2. Competences to be achieved

General competences
<ol style="list-style-type: none">1. Analytical and synthesis skills.2. Ability to identify economic problems (using simple economic models) and the potential trade-offs arising in their resolution.3. Ability to independently find information (databases, media, etc..) in order to build an argument using available evidence.4. Ability to participate actively in lectures and seminars (know how to intervene, to listen and acquire oral and written communication skills), keeping an open mind.5. Ability to understand and critically analyze the current economic events, as they are covered in the media.

6. Ability to work individually (reading material for the course, solving exercises, doing empirical research, etc.).
7. Ability to apply public economic concepts in practice (solving case studies and analysis of economic news and current events).
8. Research skills (search databases and academic journals, in order to expand your knowledge in the field).

Specific competences
<ol style="list-style-type: none"> 1. Understanding of the public economic concepts of the course. 2. Ability to identify and solve economic problems. 3. Ability to understand and use economic models 4. Ability to relate the analysis of socio-economic problems with the objectives and the main instruments of economic policy.

3. Content

FIRST PART

Topic 1. The first goal of government intervention: addressing market failures

Topic 2. The second goal of government intervention: Redistribution of resources.

When the market is efficient, but the resulting distribution of resources is not socially desirable, the government intervenes in order redistribute resources.

Topic 3. Why do governments choose to intervene in the way that they do: Public choice and the formation of collective decisions.

SECOND PART

Topic 4. Public expenditures: main tools

Topic 5. Some public spending expenditure programs

THIRD PART

Topic 6. How to finance public expenditures: efficiency and optimal taxation

Topic 7. Taxation in practice: analysis of the main economic effects of taxes

FOURTH PART

Topic 8. Fiscal federalism

SEMINARS

SEMINAR	Week	Title	Topic
1	4	Social Expenditures: Education, Health and Housing.	5
2	5	Holiday (No seminar)	
3	6	Cash versus In-kind transfer. Welfare versus Welfare	4 and 5
4	7	Midterm's correction	
5	8	Taxation	7
6	9	Measures of inequality and the redistributive role of the government	4 and 7

4. Assessment

The course is based on the principle of continuous assessment, with an important weight put on the acquisition of knowledge and skills.

1. For this purpose, participation in classes and seminars, as well as individual analyzes of exercises and cases represent 30% of the total (this first part of the final grade is referred to as the “participation in class/seminars”), while the final exam accounts for 70% (this second part of the final grade is referred to as “exam”). To pass the course, the student must pass each partial grade: both the exam grade and participation in class/seminars grade, must be at least “Approved”.
2. Attendance at seminars and participation (hand-in the homework and participate during the seminar) is mandatory. Any absence will induce a reduction in the “participation in class/seminars” grade.
3. In case of failing the course, students can take the re-sit (*recuperacio*). For students taking the re-sit, the partial grade from “participation in class/seminars” will be transferred according the rules set by the Dean. If a student did not pass the seminar, the re-sit may also include a section for the evaluation of the seminars.
4. Approved partial grades are not saved (exam or participation / seminars) for subsequent academic years.
5. There will be a partial mid-term test, which will serve both the teacher and the students to assess the understanding of the topics. The mid-term will not have any negative impact on the final grade of the course. Only in case of a good grade this would count as evidence of good participation (affecting positively to the 30% of seminars grades

and class participation), in case of failure there will be no effect on the final grade. For the English group, the partial test will take place on **November 6, 2012**.

5. Bibliography and resources

5.1. Main textbook

STIGLITZ, J. *Economics of the Public Sector*, 3rd edition, W.W. Norton and Company, 2000.

5.2. Additional references

GRUBER, J. *Public Finance and Public Policy*, 2d edition, Worth Publishers, 2007.

ROSEN, H. S. *Public Finance*, 6th. ed. McGraw Hill, 2002.

Spanish textbook: ALBI, E. et al., *Economía pública I; Economía pública II*. 3rd ed. Barcelona: Ariel Economía, 2009.

5.3. Didactic resources

Additional material will be available through *Aula Global*. Specific material for each seminar will be posted on *Aula Global* before the seminar.

6. Methodology

The methodology of the course is based on student autonomy. Students must provide a systematic and continuous effort, guided by the professor and the teaching assistant. Thus, the course combines activities performed in the classroom with activities that students must carry out their own, either guided or independently.

Specifically, students are expected:

1. To read and critically think about the readings and material made available for classes.
2. To complement the content presented in lectures and the readings analyzed in seminars by using the recommended bibliography.
3. Dedicate specific effort in order to identify and summarize the most important point of each reading.
4. Ask questions and talk to the teacher if they have difficulties understanding of the topics, before and /or during lectures and seminars.
5. Attend all classes.
6. Participate during lectures and seminars.

7. Hand-in all the homework (studies and exercises) assigned before the seminars in which they are discussed.

For their part, teachers are expected:

1. Present the main points of each topic in class and answer questions of the students regarding the understanding of the topic
2. Assess the level of understanding and knowledge of the material, asking several students at random questions on the readings, case studies and other course materials, in each class or seminar.
3. Illustrate the application of theoretical material through exercises and case studies.

7. Schedule

Week	Lectures	Seminars
Week 1 (October 1 st)	Introduction + Topic 1	
Week 2	Topic 1 (cont)	
Week 3	Topic 2	
Week 4	Topic 3	Seminar 1
Week 5	Topic 4	Seminar 2
Week 6	Topic 5	Seminar 3
Week 7	Topic 5 (cont)	Seminar 4
Week 8	Topic 6	Seminar 5
Week 9	Topic 7	Seminar 6
Week 10	Topic 8	