

**COURSE DATA****Data Subject**

Code	36117
Name	Public sector economics I
Cycle	Grade
ECTS Credits	6.0
Academic year	2022 - 2023

Study (s)

Degree	Center	Acad. Period
1316 - Degree in Economics	Faculty of Economics	3 First term

Subject-matter

Degree	Subject-matter	Character
1316 - Degree in Economics	11 - Public economy and tax system	Obligatory

Coordination

Name	Department
DESCALS I TORMO, ASENSI	110 - Applied Economics

SUMMARY

Economy of Public Sector I and II are two subjects that constitute an annual block of basic and fundamental training in Public Economy. They are taken in the third year to give way later, in the fourth year, to the possibility of deepening in four different fields of Public Economy through the optional subjects. These subjects are part of the Economics of the Public Sector module and the Public Economics and Tax System subject and have twelve ECTS credits between the two terms of the year. The subjects are framed in the Curricular Intensification of Public Economy.

The Public Economics and Fiscal System subject aims to provide the student with a knowledge and understanding of the actions and functions of the public sector and of some aspects of the public sector that have to do with the different policies of public revenues and public spending programs. Within this matter, the compulsory subjects that concern us stand out, Public Sector Economics I and II, which aim to structure all this knowledge and prepare the student for the rest of the optional subjects of this field of Economics. Specifically, in Economics of Public Sector I and II, the basic contents will be introduced and then, later will be developed in other subjects such as Public Economic Evaluation, Spanish Tax System, Public Regulation and Fiscal Federalism: Autonomous and Local Treasury (fiscal federalism with a



special application to the Spanish case).

When studying the subjects of the Public Economy and Tax System, students will have extensive knowledge of the operation of the public sector that will be useful in their professional future, especially at all levels of public administration, as well as in the relationship between companies and the public sector through the knowledge of the tax system and the main public spending programs.

PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

The student should have a basic understanding. Particularly she should have followed a basic microeconomics course. Moreover, a fundamental knowledge of macroeconomics is also recommended. However it is not necessary to have passed any particular course in order to follow this subject

COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

1316 - Degree in Economics

- Show critical thinking skills.
- Be able to collect and analyse information.
- Have decision-making skills and be able to apply knowledge to practice.
- Be able to work in a team (including interdisciplinary teams).
- Understand the keys to the functioning of market economy, the difference between normative and positive reasoning and between the concepts of equity and efficiency.
- Understand the effects of different market structures on efficiency and equity and the influence of regulatory policies.
- Know and understand the main market failures (public goods and externalities), their private and public solutions and their influence on the environment and natural resources.
- Understand the actions and functions of the public sector in the economy and the detailed development of the different public income policies and public expenditure programmes.
- Know the economic measures to reduce income inequality and poverty.



LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)

After the end of classes students will have got:

- Ability to use the analytical equipment necessary to engage in the world of Public Economics
- Acquisition of sufficient knowledge to understand any environment, language and problem on the main areas of public sector intervention: Public pensions, Public health, Public education and social Services.
- Critical capacity to understand and anticipate outcomes of different tax structures.
- Acquisition of knowledge about internal limitations on the behavior of the public sector. In particular, student should be able to use economic analysis to predict and correct problems which they will arise in the performance of public institutions both in the proces of collective decisions-taking as in itsr execution.

DESCRIPTION OF CONTENTS

1. Characterization of the Public Sector

Public sector, private sector and the third sector: a comparison in behaviors.

Functions and Actions of the Public Sector

Public Sector Budget.

Budgetary Principles

Economic, organic and functional classifications of the Budget

Public Revenues and Expenses.

2. Welfare Economics and Market Failures

1. Concept of Paretian optimality. Criticisms of Pareto's concept of optimum

2. Possibilities and limitations of the market as an institution

3. Concept and modalities of market failures

4. Market failures as a necessary and / or sufficient condition for public intervention

3. Public goods

Definition and efficient provision of public goods

The problem of the non-paying user or "free-rider"

Mixed goods: characterization.

Case analysis of public spending on education



4. External Market Effects.

1. Definition and microeconomic analysis of the problem.
2. Implications for efficiency and equity.
3. Solutions.
 - 3.1 With public intervention.
 - 3.2 Without public intervention.

5. Public Regulation. Natural Monopoly and Merit Wants

The case of the natural Monopoly.
Solutions with public intervention
Implications from efficiency and equity

Guardianship Needs.
Definition and problems for the principle of consumer sovereignty.
Justifications for public intervention.

6. Economic analysis of the functioning of political systems

1. Concept of public sector failures.
2. Failures of the public sector in shaping and revealing social preferences.
Models of fiscal illusion (Galbraith-Downs, Puviani-Buchanan)
 - A. Downs model on rational ignorance.
3. Failures related to the collective decision-making.
Decision costs: Tullock and Buchannan analysis.
Analysis of the Rule of Unanimity.

7. Public Evaluation

1. Concept and Justification of public evaluation and its relationship with public management.
2. The evaluation process: Valuation of Costs and Benefits
3. The criteria of public evaluation: efficiency, efficacy, effectiveness and profitability.
4. Economic Evaluation Techniques: The Cost-Benefit Analysis

8. Dimension and growth of the Public Sector. Explanatory hypotheses

Problems in measuring the size and growth of the Public Sector
Concept of Optimal Dimension of the Public Sector and calculation proposals
Explanatory factors of the growth of the Public Sector
The Disease of Costs: "Baumol disease"

**9. Economic security as a public service: Social Security**

Service characterization

Pensions: Financial techniques and benefit systems

The Social Security Financial Crisis

Basic income programs

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of group work	12,00	0
Preparation of evaluation activities	36,00	0
Preparing lectures	21,00	0
Preparation of practical classes and problem	21,00	0
TOTAL	150,00	

TEACHING METHODOLOGY

The development of the subject is primarily structured around theoretical sessions and practical sessions. According to the type of session (theoretical or practical) we will use a teaching method or another.

In theoretical sessions, lecturers will expose main contents of each topic which form the course. The predominant teaching method in theoretical classes will be a participative lecture. This methodology is especially appropriate for large groups of students offering the advantage of a master class without limiting the participation of pupils and the teacher-student interaction. We will try to encourage participation and discussion in class in order to offer the student a direct involvement with the content.

In practical sessions the teacher will propose to students real or fictitious situations to frame different questions that shall be answered by applying the theoretical concepts they have learnt. These practical classes will be developed following different teaching strategies according to the content discussed in the corresponding theoretical session.

EVALUATION

The subject will be evaluated with the following procedures:

1. Written exams consisting of one or more tests with theoretical and practical questions.



2. Ongoing evaluation of the practical activities by the student based on the the short essays done, questions solved and analysis of cases selected by the teacher.

3. Continuous evaluation based on the regular attendance to classes and activities face to face, their participation and degree of involvement of the student in the process of teaching - learning. Here we evaluate oral participations in class by the students.

The second and third procedures constitute the so-called continuous evaluation and, taken together, they will be the 30% (THIRTY percent) of the final note of the student, but in order to take into account this part of the evaluation, the minimal score of the written exam must be 4.5 (four and a half) out of 10 (ten).

Procedures 2 and 3, by their nature, are NON-RECOVERABLE and the note obtained at the end of the course in the assessment continuous, is apply in the first as in the second call

REFERENCES

Basic

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- ROSEN, H.S.: Hacienda Pública, McGrawHill, Madrid, 2011
- STIGLITZ, J.E.; Rosengard, J.K.: La Economía del Sector Público. Antoni Bosch editor. Barcelona, 2015.
- SALVADOR, C.: Economía de la Seguridad Social, Parte I y Parte II. Valencia 2016. Capítulos 1,2, y 5
- AYALA, Luís (coordinador): "Economía del Estado del Bienestar", Civitas, Pamplona, 2021

Additional

- CULLIS, J.; JONES, P.: Finance and Public Choice. Analytical Perspectives. Third edition, Oxford University Press, 2009
- MUSGRAVE, R.A., y MUSGRAVE, P.B.: Hacienda Pública Teórica y Aplicada. McGraw-Hill Interamericana de España, Barcelona, 1992.
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