

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

Code	36118
Name	Public sector economics II
Cycle	Grade
ECTS Credits	6.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. year	Period
1316 - Degree in Economics	Faculty of Economics	3	Second 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 the Public Sector I and II are two subjects that constitute an annual block of basic and fundamental training in Public Economics. They are studied in the third year and then, in the fourth year, they are given the opportunity to study in four different fields of Public Economics through elective courses. These subjects are part of the Economics module of the Public Sector and of the subject Public Economy and Tax System and have twelve ECTS credits between the two semesters of the course. The subjects are framed in the Curricular Intensification of Public Economics.

The Subject Public Economics and Fiscal System aims to provide the student with a knowledge and understanding of the actions and functions of the public sector and some aspects of the public sector that have to do with different public revenue policies and public expenditure programs. Within this subject highlights the compulsory subjects that occupy us, Economics of Public Sector I and II, which intend to use all this knowledge and prepare the student for the rest of the elective subjects of the subject. Specifically, in Public Sector Economics I and II will be introduced the basic contents that will be developed in other subjects such as Public Economic Evaluation, Spanish Tax System, Public Regulation and Fiscal Federalism, Autonomic and Local Treasury.



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

OUTCOMES

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- 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

After finishing the classes the students will have:

- Ability to use the analytical apparatus necessary to function in the world of Public Economics.



- Acquisition of sufficient knowledge to understand any environment, language and problems on the main areas of intervention of the public sector: pensions, health, schooling and social services.
- Critical capacity to understand and anticipate the results of different tax structures.

Acquisition of knowledge about the internal limitations in the behavior of the public sector. In particular, the student must be able to apply economic analysis to predict and correct the problems that will arise in the operation of public institutions, both in collective decision-making and in its execution.

DESCRIPTION OF CONTENTS

1. Introduction: Tax Systems

Tax systems: Basic elements of taxes and their classification

Case of the Spanish tax system: Central, regional and local

Purpose and Tax Principles:

- Justice
- Efficiency
- Stability
- Development
- Operational Efficacy

2. Tax Incidence

Concept of tax incidence: Economic vs. legal impact

The basic rules of tax incidence

Extension to productive factors

Incidence in non-competitive markets

Incidence in general equilibrium. Basic concepts

Incidence and progressiveness of the tax system

3. Tax efficiency

Concept and measurement of excess tax.

Tax distortions in partial and general balance

Optimal taxation on goods and services. Ramsey's rule

Optimal taxation on income.



4. The Personal Income Tax

Definition of income and basic structure of the tax.
Treatment of patrimonial variations and other irregular incomes.
Problem of the contributing unit: family versus individual.
Economic effects of the tax on the behavior of economic agents.
Some examples of Income Tax: "Flat tax", dual tax, negative income tax.

5. Corporation income tax (legal entities)

Justification for the existence of this tax.
Tax structure.
Accounting result plus / minus temporary and permanent extra-accounting adjustments
Related party transactions
Treatment of depreciation.
Problem of double taxation
Corporate tax problems in a globalized world.

6. Wealth Taxes (wealth tax)

Justification of the taxation of wealth.
Forms of taxation on property and wealth.
Inheritance Tax Analysis: Inheritance Shares and Relict Flow
Analysis of the net wealth tax: application to the Spanish case.
Analysis of the local real estate tax and other patrimonial elements

7. Taxation on consumption

Modalities of taxation on consumption.
Indirect taxation on consumption and the concept of tax revenues.
The value added tax.
Advantages over other forms of indirect taxation on consumption.
Basic structure of VAT.
Exceptions to the general model: The Spanish case.
Personal tax on expense versus personal tax on income.

8. Fiscal Federalism

Concept of fiscal federalism and types of decentralized political structures
The Functions of the Public Sector in a Framework of Fiscal Federalism. Optimal Assignment of Functions by levels of government
Financing Instruments and Intergovernmental Relations

**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 structured mainly around the theoretical sessions and practical sessions. Depending on the type of session (theoretical or practical) a didactic or other method will be chosen.

In the theoretical sessions the main contents of each one of the subjects that compose the subject will be exposed. The predominant teaching method in the theoretical classes will be the participatory master class. This methodology allows to manage in an organized way large groups of students offering the advantages of a master class without limiting the participation of students and the teacher-student interaction. Attempt to encourage participation and discussion in the class in order to offer the student a direct involvement with the content.

In the practical sessions the teacher will propose to the students situations (real or fictitious) that these will have to solve applying the theoretical concepts learned. These practical classes will be developed following different teaching strategies depending on the content discussed in the corresponding theoretical session.

EVALUATION

The subject will be evaluated from the following procedures:

- 1.- Written tests consisting of one or several exams consisting of theoretical and practical questions.
- 2.- Continuous evaluation of the practical activities from the elaboration of short essays, resolution of problems and analysis of written cases indicated by the teacher.
- 3.- Continuous evaluation of the student, based on the regular attendance at classes and face-to-face activities, their participation and degree of student involvement in the teaching-learning process. Here we evaluate the oral participation in the classes.



The second and third procedures constitute the continuous evaluation and, taken together, will suppose 30% (thirty percent) of the final grade of the student. However, to take this part of the evaluation into consideration, a minimum grade of 4.5 (four and a half) out of 10 (ten) must be obtained in the exam (written test 1.-)

Procedures 2 and 3, corresponding to the continuous evaluation are, by their nature, NOT recoverable and the grade obtained at the end of the course in the Continuous Evaluation, will be applied both in the first and in the second call

REFERENCES

Basic

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- ESTELLER MORÉ A. (coordinador), 2014: "Economía de los impuestos", McGraw-Hill, 1ª edición.
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- STIGLITZ, J.E.; ROSENGAARD, J.K. (2015). "La Economía del Sector Público". Antoni Bosch editor. Barcelona
- SAEZ, E.; ZUCMAN, G.: "The Triumph of Injustice". WW Norton, 2019.
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Additional

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