# The Economics of Welfare Systems

## Prof. Floriana Cerniglia (first part); Prof. Riccarda Longaretti (second part)

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to introduce students to the economic role of the state. Students will be introduced to the economic factors justifying the intervention of the state in a market economy. The course will provide explanations concerning the development of the role of the state and illustrate the relative regulatory issues.

The course is divided into two parts. The first part will be dedicated to the general principles of public intervention, the public finance system in Italy and finally taxation theory. The second part will focus on public policies in the field of welfare. The main policies in the fields of welfare, health and education will be presented. The logic of state intervention in the welfare field will be analysed through a study of the information asymmetry and of the choices in conditions of uncertainty.

By the end of the course, students will have greater knowledge and a broader perspective of the relationship between the state and market. With reference to the second part of the course, students will also have the necessary skills to interpret the key elements in the current debate on the role of the welfare state in market economies.

***COURSE CONTENT***

The course covers the following topics:

1. *Part 1:*

– Reasons for public intervention: the economics of welfare, public assets, mechanisms for political decision-making and other causes of market failure.

– Public funding in Italy, the state budget and budget law.

– Taxation theory: public revenues, criteria for allocating the tax burden, the distortive effects of taxes, an overview of the main taxes and the Italian tax system.

2. *Part 2:*

– Public policy and the welfare system.

– Information asymmetry, choices in conditions of uncertainty and bankruptcy of the private insurance market.

– The health system.

– The education system.

– Social services.

***READING LIST***

For the first part:

P. Bosi (ed.) *Corso di Scienza delle Finanze*, Il Mulino, Bologna, 2019 (8th ed.), chaps. 1-3

For the Part 2

P. Bosi (ed.) *Corso di Scienza delle Finanze*, Il Mulino, Bologna, 2019 (8th ed.) chap. 8

Y. Kazepov-D. Carbone, *Che cos’è il Welfare State*, Carocci, Rome, 2018

***TEACHING METHOD***

The course consists of classroom lectures and the publication of learning material on the course *Blackboard* page

***ASSESSMENT METHOD AND CRITERIA***

The exam is oral and covers all course topics. Important assessment criteria in both exams are logical reasoning skills, economic intuition and skilful use of language.

***NOTES AND PREREQUISITES***

Students will require knowledge of the main aspects of microeconomics and macroeconomics. NB: *Blackboard* will be the main online communication tool between the students and the lecturer, who will publish any notifications and resources from the lectures there as well as other materials for the exam. Non-attending students must also use *Blackboard*.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG or on the Faculty notice board.