## **Comparative Fiscal Systems and Welfare Policies**

## Prof. Paolo Balduzzi

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

The course is aimed at illustrating different possible ways of organising a fiscal system. The course starts off with a review of how tax systems have developed over the years, in order to identify the factors that have led to the current systems. The course will then address specific topics (theory-based and practical) on designing a fiscal system: fiscal decentralisation; fiscal discipline; spending review; welfare state systems; public choice analysis. At the end of the course, students will be able to:

1. identify and understand the main features and the fundamental problems related to the creation of a fiscal system;

2. analyse and discuss the main characteristics of a fiscal system, both in its complexity and in relation to the specific segments composing it; hence, students will know how to compare the fiscal system of a single country over time, as well as different fiscal systems belonging to the same international scenario;

3. make an assessment of the effects of fiscal reforms, especially on pensions and health care;

4. present the results of their analysis and contribute to the debate on the most actual fiscal policy topics;

5. pursue further studies on the topics explained during the course or other related topics.

***COURSE CONTENT***

First Part - Tasks and functions of a fiscal system (10 hours).

1. The growth of public sector in Italy and around the world.

2. Theories on the growth of public sector.

3. Tax evasion models.

4. Tax evasion in Europe.

Second Part - Organisation of a fiscal system: centralised and decentralised systems (10 hours).

1. The theory of fiscal decentralization.

2. The different levels of State government and cost functions.

3. Revenue assignment and transfer mechanism.

4. Focus on Italy.

Third part. The fiscal discipline problem at European and national level (5 hours).

1. The budget process in Italy.

2. The theory and practice of public debt.

3. Spending review.

4. Fiscal regulations in the European monetary union.

Fourth part. A comparison of welfare systems: pensions (10 hours).

1. A comparison of pension systems.

Fifth part. A comparison of welfare systems (10 hours).

1. A comparison of health care systems.

2. A comparison of education systems.

3. A comparison of social welfare systems.

Sixth part. Public choice theory (15 hours).

1. Direct democracy models.

2. Representative democracy models.

3. Economic consequences of electoral laws.

***READING LIST***

Some parts of the programme can be found on the main textbook:

1. Balestrino-E. Galli-L. Spataro, *Scienza delle finanze* (seconda edizione), UTET. Further texts will be indicated in class.

Moreover, the course reading list is made up of a series of texts, in Italian or English, possibly chosen by the students, details of which will be provided during the course. As well as these texts, other materials, such as lecture notes and slides, will also be available on Blackboard.

***TEACHING METHOD***

Lectures. Possible presentations by experts.

***ASSESSMENT METHOD AND CRITERIA***

Written exam with four open and structured questions, with limited choice: students must be able to answer two out of three questions on parts 1, 2 and 3 and two out of three questions on parts 4, 5 and 6. To pass the exam, it is essential (although not sufficient in and of itself) that students demonstrate knowledge of a number of key concepts; to this end, the exam also includes a preliminary part consisting of 10 questions with short answers (three lines max.) that students must pass in order for the four open and structured questions to count. More precisely, each of these questions with short answers will be worth one mark if answered correctly, 0.5 marks if deemed passable and 0 if not. Students are required to obtain at least six points to pass this initial part. In this case, the mark will count for one third of the overall mark (max 10 points). Each of the open and structured questions is worth one sixth of the final mark (max 5 points). The exam lasts 135 minutes.

Students have the option of taking a 70-minute interim test. The interim test has the same structure as the whole exam: 5 short questions (max 5 points) and 2 (out of 3; max 10 points) open questions requiring structured answers on the contents of the first half of the course (parts 1, 2 and 3). Students are required to obtain at least three points to pass the short questions part. Students who pass the interim test (minimum mark of 9 and maximum mark of 15, calculated as explained above) can complete the exam on any one of the three exam dates (of their choice) in the session immediately after the end of the course. The final test (70 minutes) 5 short questions and 2 (out of 3) open questions requiring structured answers on the contents of the second half of the course (parts 4, 5 and 6). For students who pass the interim test, the final mark is made up of the total marks awarded for both tests.

The exam syllabus and format are the same for attending and non-attending students.

***NOTES AND PREREQUISITES***

The course will be taught in Italian: a fair understanding of the language and a sufficient ability to write are therefore necessary.

No other academic prerequisites are needed.

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.