## **Public Finance**

## Prof. Marco Le Moglie

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

The aim of the Public Finance course is to analyse the reasons, methods and effects of public intervention in the economic system. The course will cover the most important topics of the discipline as well as the most topical ones, including the reasons for public intervention and its possible failures, the main areas of public sector intervention, public sector intervention tools, economic organisation of the State and Government budget problems.

At the end of the course, students will have acquired:

1. Knowledge and understanding of the fundamental problems concerning the economic role of the State;

2. On the basis of such knowledge, the ability to analyse and discuss the main characteristics of a tax system, in general and with respect to its specific components; the ability to carry out comparisons on the evolution of the tax system of a single Country and to compare the experiences in different countries at international level;

3. The ability to autonomously evaluate the impact of tax reforms, albeit broadly, focusing on taxation, pensions and fiscal federalism;

4. The ability to present the results of their analyses and to contribute to the debate on the most topical issues regarding public economics;

5. Finally, the ability to autonomously tackle the in-depth study of course topics, as well as related ones.

***COURSE CONTENT***

The course consists of five parts, divided as follows:

*i. REASONS FOR PUBLIC SECTOR INTERVENTION AND PUBLIC CHOICE THEORY (20 hours)*

Welfare economics and its theorems

The social welfare function.

Market failures.

Government failure and Public Choice theory

Public choices and political decision-making.

An example of market and Government failure: organised crime

*II. the main areas of public sector intervention (8 hours)*

Health

Education

Pensions

*III. IntrodUCTION TO PUBLIC SECTOR ANALYSIS (7 HOURS)*

Public debt and its dynamics.

The public sector in practice, in Italy and international comparisons.

Overview of accounting and of drawing up the Government budget with reference to new European Regulations.

*IV. FUNDAMENTAL ELEMENTS OF TAXATION THEORY (13 hours)*

Taxonomy of taxation.

Economic impact of taxation (labour, goods and savings markets).

Excess burden of taxation concept.

Overview of the tax incidence in competitive markets theory.

*V. the italian tax system (12 hours)*

Income tax design

Personal income tax and other direct taxes

VAT and other indirect taxes

***READING IST***

H. Rosen-T. Gayer-C. Rapallini, *Scienze delle Finanzee,* McGraw Hill Education, last edition

P. Bosi-M.C. Guerra, *I tributi nell'economia italiana,* pp. 272, ISBN 978-88-15-25117-6, last edition.

Furthermore, additional compulsory reading materials will be made available on the blackboard page (handouts, supplementary materials and lecture transparencies).

***TEACHING METHOD***

The course consists of 60 hours of frontal lectures held by Prof. Le Moglie. There may be possible presentations by experts.

***ASSESSMENT METHOD AND CRITERIA***

Students normally take a written exam, that lasts 60 minutes, and consists of four open comprehensive questions, among which students must choose three, and which may include both theoretical topics and brief and simple exercises similar to those tackled in the classroom. Each reply is marked out of ten and the final mark of the written exam is the arithmentic average of the marks obtained in each question. The purpose of the exam is to assess students’ critical thinking skills, their ability to apply acquired theoretical tools, as well as command of language and communication skills. Students will not have to take a mid-term exam.

***NOTES AND PREREQUISITES***

In order to attend the course, students are not required to have previosly attended other specific courses; nevertheless, it is considered very useful for students to have a good knowledge of microeconomics and of mathematics and statistics; for instance, if necessary, students are advised to read the following manuals:

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.