

Academic Year/course: 2022/23

27418 - Public economics I

Syllabus Information

Academic Year: 2022/23

Subject: 27418 - Public economics I

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 417 - Degree in Economics

ECTS: 6.0

Year: 2

Semester: Second semester

Subject Type: Compulsory

Module:

1. General information

2. Learning goals

3. Assessment (1st and 2nd call)

4. Methodology, learning tasks, syllabus and resources

4.1. Methodological overview

In order to achieve an adequate integration of the theoretical and practical contents of the course, as well as a high involvement of the student in the learning process, a combination of strategies and teaching methods will be used: theoretical and practical sessions given by the lecturer; reading, study and discussion of the recommended materials by the students; carrying out exercises due for submission and subsequent presentation or discussion in class; the performance of different individual written tests; and personalized individual or group tutorials.

In the Moodle platform (Add_Unizar) there will be access to different teaching materials of the course such as the program, the exercise booklet that accompanies each topic, the slides of work in class of each topic and the learning resources elaborated by the lecturer. On the first day of class, students will be offered additional information on all aspects related to the development of the course and evaluation criteria.

4.2. Learning tasks

Students are offered several activities devoted to help them achieving the main objectives of the course. These include:

- 1.- Lectures, bibliographical orientation and a booklet of exercises designed by the lecturer.
- 2.- Practical sessions where students present and discuss the corresponding assignments proposed by the lecturer.
- 3.- Tutorials devoted to solve students' doubts and to follow-up students' work
- 4.- Assessment of students' progress by means of evaluation tests.

The teaching methodology is planned to be face-to-face. However, if necessary for health reasons, the face-to-face classes may be taught online.

4.3. Syllabus

The course will address the following topics:

Theme 1: The Public Sector and the Public Economy

The public sector as an economic actor; the economic functions of the public sector and its instruments of intervention; the Budget; the Public Economy as an academic subject; delimitation and relevance of the Spanish public sector.

Theme 2: The tools of normative analysis of public intervention

The framework of the normative analysis of public intervention: the Welfare Economy; the efficiency criterion; the fulfilment of the efficiency criterion by the market; the market failures in the efficient allocation of resources; the equity criterion; the integration of the efficiency and equity criteria for the determination of the social optimum; social optimum, market and public intervention.

Theme 3: Public intervention in the area of efficiency (I): public goods.

Characterization and typology of public goods (pure public goods, congested public goods, variable-use public goods); economic problems of public goods; conditions of efficiency for the provision of public goods (public goods vs. private goods); public intervention in the provision of public goods.

Theme 4: Public intervention in the area of efficiency (II): externalities.

Characterization and typology of externalities; economic problems of externalities; conditions of efficiency in the activities that generate externalities (positive and negative externalities); public intervention in the correction of externalities (property rights, taxes, subsidies, tradable permits, direct controls).

Theme 5: Public intervention in the area of efficiency (III): increasing returns to scale and imperfect information.

Causes and economic problems of the absence of perfect competition (general case of decreasing returns to scale, special case of increasing returns to scale); public intervention in sectors with increasing returns to scale (price regulation, price differentiation, two-part tariffs); imperfect information (incomplete markets and inefficient markets): origin of the problem, consequences and public intervention.

Theme 6: Public intervention in the area of equity.

Equity and social welfare; justification of public intervention in income redistribution: simple utilitarianism (the Utilitarian or additive social welfare function), neo-contractualism (the neo-contractualist or Rawlsian social welfare function); redistribution as a source of economic efficiency (the donation as a source of donor utility, the state of income distribution as a pure public good, income redistribution as a generator of external effects, income redistribution as a risk-hedging instrument over the life-cycle); non-individualistic perspectives of redistribution; instruments of public intervention in income redistribution.

Theme 7: Collective decision-making and agent behaviour in the public sector.

The economic theory of policy; direct democracy: the selection of the voting rule (the costs of collective choice processes, majority-based voting rules); the effects of the majority rule (redistributive effects, voting paradox, median voter theorem, efficiency effects, votes exchange); representative democracy: the behaviour of actors involved in the political market (politicians, voters, public employees, pressure groups).

4.4. Course planning and calendar

The activities and key dates of the course will be communicated through the appropriate means at the beginning of the course period. The dates will be set according to the academic calendar and the schedule established by the Faculty of Economics and Business. As a guideline, the activities will include:

- Theoretical, practical and theoretical-practical sessions: 4 hours per week.
- Activities associated to the continuous evaluation of the course that aim to stimulate the work and learning process of the students throughout the course period. In particular, the resolution and presentation/discussion of problems and theoretical-practical cases in class and the realization of diverse individual written tests that will deal with the theoretical and practical contents of the course.
- Global test carried out during the examination period of each of the two calls of the course period (optional for those who have passed the course through continuous assessment and compulsory for those who have not), aimed at evaluating the acquisition of knowledge and skills of the course.