Public Sector Economics

Code: 102454
ECTS Credits: 6

<table>
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<th>Degree</th>
<th>Type</th>
<th>Year</th>
<th>Semester</th>
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<tr>
<td>2501572 Business Administration and Management</td>
<td>OT</td>
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<tr>
<td>2501573 Economics</td>
<td>OB</td>
<td>3</td>
<td>2</td>
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</table>

**Contact**

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Email: MiguelAngel.Lopez@uab.cat

**Use of languages**

Principal working language: catalan (cat)
Some groups entirely in English: Yes
Some groups entirely in Catalan: Yes
Some groups entirely in Spanish: Yes

**Prerequisites**

A basic microeconomic theory course, e.g. Microeconomics I, is a prerequisite to register for this Public Sector Economics course.

**Objectives and Contextualisation**

This course is a standard introduction to Public Sector Economics. Public Finance, or equivalently Public Economics, is the study of the effects of government actions on economic activity. The course thus aims at predicting the effects of such actions in order to provide guidance on the choice between different alternatives. The objective is to provide a toolbox with which to approach in a rigorous way a variety of issues related to the design and evaluation of public policy.

**Skills**

**Business Administration and Management**
- Capacity for adapting to changing environments.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Demonstrate initiative and work individually when the situation requires it.
- Demonstrate knowledge of the structure of institutions and the state, their evolution and the consequences of possible changes, to be able to make a positive contribution to the debate about the role they play in current society.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.

**Economics**
- Demonstrate initiative and work individually when the situation requires it.
- Demonstrate understanding of the concepts related to welfare economics and the role of the public sector.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Understand the motivation for and the sense of public policies.
Learning outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Analyse economic facts and decisions about efficiency and equity.
3. Analyse public policies.
4. Analyse the incidence of taxation.
5. Analyse the role of international institutions in the economy.
6. Assess the main social expenditure programmes and their effects on economic growth.
7. Capacity to adapt to changing environments.
8. Demonstrate initiative and work independently when required.
9. Examine the influence and the role of Spanish public institutions in the economy.
10. Identify the institutions and organisms through which public intervention and regulation of the economy take place.
11. Interpret the functions of public funds.
12. Organise work, in terms of good time management and organisation and planning.
13. Select and generate the information needed for each problem, analyse it and make decisions based on this information.

Content

1. INTRODUCTION

2. THE PUBLIC SECTOR IN SPAIN

3. WELFARE ECONOMICS AND THE ROLE OF PUBLIC SECTOR
The Fundamental Theorems of Welfare Economics. Market failure as a rationale for public intervention: public goods, externalities, increasing returns to scale, incomplete information, non-existence of markets, unemployment and inflation. Normative theories of the State and redistribution.

4. INCOME REDISTRIBUTION

5. EXTERNALITIES

6. PUBLIC GOODS

7. NATURAL MONOPOLY AND IMPERFECT COMPETITION
8. COLLECTIVE CHOICE AND PUBLIC SECTOR BEHAVIOUR

9. EFFICIENCY IN THE PUBLIC SECTOR

10. COST-BENEFIT ANALYSIS

11. SOCIAL SECURITY
The social security pension system. The case for the existence of a pension system. Two different approaches: intertemporal allocation versus intratemporal redistribution. Consequences for institutional design. The operation of a pay-as-you-go and a fully-funded system. Effects on saving and labour-supply. The "bankruptcy" of social security. The reform of social security.

12. OTHER EXPENDITURE PROGRAMMES

Methodology
The purpose of the distribution and combination of the formative activities between the headings Autonomous, Directed and Supervised is to optimize the result of each one.

Activities

<table>
<thead>
<tr>
<th>Title</th>
<th>Hours</th>
<th>ECTS</th>
<th>Learning outcomes</th>
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<tbody>
<tr>
<td>Type: Directed</td>
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<tr>
<td>Lectures</td>
<td>45</td>
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<td>2, 4, 6, 3, 1, 10, 11, 12, 13</td>
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<tr>
<td>Type: Supervised</td>
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<tr>
<td>Tutorials and essays' supervision</td>
<td>7.5</td>
<td>0.3</td>
<td>2, 4, 6, 3, 1, 10, 8, 11, 12, 13</td>
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<tr>
<td>Type: Autonomous</td>
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<tr>
<td>Study and collect information</td>
<td>93.5</td>
<td>3.74</td>
<td>2, 4, 6, 3, 1, 10, 8, 11, 13</td>
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Evaluation

3
The assessment of the course is composed of two midterm exams. Each exam weights 50% of the final mark. The resulting average is the final mark if you are under 4 or not less than 5.

For those students with a final mark between 4 and 4.9 there will be a re-evaluation, if this is passed the final mark will be 5, if not it will be 4.

A student is considered "No Avaluable" (Unassessable) as long as she/he did not participate in any evaluation activity. Hence, a student who performs some evaluation activity does not qualify for a "No Avaluable".

Evaluation activities

<table>
<thead>
<tr>
<th>Title</th>
<th>Weighting</th>
<th>Hours</th>
<th>ECTS</th>
<th>Learning outcomes</th>
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<tbody>
<tr>
<td>Two partial exams</td>
<td>50% each</td>
<td>4</td>
<td>0.16</td>
<td>5, 2, 4, 6, 3, 7, 1, 8, 9, 10, 11, 12, 13</td>
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Bibliography


