



UNIVERSITÀ DEGLI STUDI DI PALERMO

DEPARTMENT	Scienze Economiche, Aziendali e Statistiche		
ACADEMIC YEAR	2016/2017		
BACHELOR'S DEGREE (BSC)	ECONOMICS AND FINANCE		
SUBJECT	SCIENCE OF FINANCE		
TYPE OF EDUCATIONAL ACTIVITY	B		
AMBIT	50183-Economico		
CODE	06318		
SCIENTIFIC SECTOR(S)	SECS-P/03		
HEAD PROFESSOR(S)	LI DONNI PAOLO	Professore Ordinario	Univ. di PALERMO
OTHER PROFESSOR(S)			
CREDITS	8		
INDIVIDUAL STUDY (Hrs)	128		
COURSE ACTIVITY (Hrs)	72		
PROPAEDEUTICAL SUBJECTS	02799 - POLITICAL ECONOMICS 2		
MUTUALIZATION			
YEAR	3		
TERM (SEMESTER)	1° semester		
ATTENDANCE	Not mandatory		
EVALUATION	Out of 30		
TEACHER OFFICE HOURS	LI DONNI PAOLO Monday 12:00 14:00 Stanza 3.11		

DOCENTE: Prof. PAOLO LI DONNI

PREREQUISITES	Consumption and Production Theory; Solution of a system of linear equation; Differential calculus
LEARNING OUTCOMES	Knowledge of; market failure, tax system and the limits of public intervention. Comprehension of; market failure and considers alternative government responses, including the constraints faced by the government when designing its interventions and various aspects of the rationale, and the conduct, of redistributive policies. Ability to: Evaluate the potential positive or negative effect of the public intervention Explain the main results of public intervention using the economic analysis.
ASSESSMENT METHODS	Written exam with exercise and multiple choice. Each question has a points. Students will be graded upon the following scheme: with 15% of total points students pass the exam, while with 80% they pass with the highest grade. Final grades are expressed on 18-30 scale. Grades below 18 (15%) are a Fail.
EDUCATIONAL OBJECTIVES	The course introduces students to the most important concepts in public economics and public finance. It considers the legitimacy of public intervention in the market economy. The analysis focuses on various instances of market failure and considers alternative government responses. This includes the study of constraints faced by the government when designing its interventions. Students should be able at the end of the course to better understand the effect of public action in the market and the structure of a tax system.
TEACHING METHODS	Class (48 ore) Tutorials (24 ore)
SUGGESTED BIBLIOGRAPHY	Harvey S. Rosen e Ted Gayer: Scienza delle finanze, Quarta Edizione, McGraw-Hill, 2014 Appunti integrativi scaricabili dal portale degli studenti durante il corso.

SYLLABUS

Hrs	Frontal teaching
6	Positive versus normative analysis of government action; Pareto-criterion; Theorems of welfare economics
12	Public Expenditure (Public Goods, External effects, Natural Monopoly)
6	Collective Choice
4	Redistribution: (Redistribution as a public good; Redistribution as insurance; Political economy of redistribution; Cash versus in-kind transfers)
12	Government debt, Health Expenditure, Federalism and Pension
8	Tax system: income tax and consumption tax

Hrs	Practice
12	Collective choice, redistribution and welfare economics
6	The effect of tax on labour and consumption.
6	Health Insurance, Public Goods and Externalities.