

PUBLIC ECONOMICS AND FINANCE

Degree(s)	: Economics
Type	: Compulsory course unit
Curricular year/semester	: 2nd year / 2nd Semester
ECTS / hours per week	: 6 ECTS / 4.0 Hours
Workload per week	: 2 Theoretical x 1 Hour + 1 Practical x 2 Hours
Teacher responsible	: Professor Paulo Trigo Pereira

OBJECTIVES

- The main objective of this course is to present a comprehensive analysis of **the role of the public sector in mixed economies** in both its micro and macroeconomics dimensions.
- Under this assumption, a broad and **plural approach** will be followed to the different notions to what role should the public sector play.
- In this sense, the student should pursue a **critical approach** to its own thoughts and views about state intervention in mixed economies.
- Hence, throughout this course students will be asked to **knowledgeably think** in a well-documented fashion about the major problems facing public economics and finances.
- One of the main objectives of this course is to focus on the microeconomic fundamentals about state intervention.
- For this reason, some consideration will be given to the financial and institutional framework related to the Portuguese **Public Administrations** namely
 - *The Portuguese fiscal system.*
 - *The public budgeting cycle: The processes of proposing, amending, approving, executing and controlling the State Budget.*
- Another main objective is to address the macroeconomic background in the political decision-making process, specifically regarding national budgeting and budgetary policies and restrictions framed by the European Union economic and monetary constraints.

PROGRAM

1: Public finances and the role of the state

- 1.1. The public sector in a mixed economy
- 1.2. Public finances and theories about the role of the government

2: Public expenditure theory and practice

- 2.1. Normative theories about the role of the public sector
- 2.2. Expenditure and efficiency: public goods and externalities
- 2.3. Expenditure and equity: income redistribution and equality of opportunities
- 2.4. Evolutionary patterns in public expenditure in Portugal and the EU

3: Public revenues theory and practice

- 3.1. Main sources of public financing
- 3.2. Tax revenues and efficiency
- 3.3. Tax revenues and equity
- 3.4. The Portuguese tax system in comparative perspective

4: The public sector in Portugal: scope, structure, accounts and Budget

- 4.1. The structure and nature of Public Administrations
- 4.2. The accounts and balances of Public Administrations
- 4.3. Basic concepts of the State Budget and the budgeting cycle

5: The State Budget

- 5.1 The notion, content and structure of the Budget.
- 5.2 The Budget Cycle
- 5.3 Budget rules and classifications (economic, organic, functional, programs).
- 5.4 Public Finance in some EU countries

6. Fiscal Framework and fiscal policy within the Economic and Monetary Union

- 6.1. Objectives, instruments, and indicators
- 6.2. Discretionary Fiscal policy and automatic stabilizers
- 6.3 Budgetary constraint, Public Debt and Sustainability
- 6.4 The overall framework of fiscal policy in EMU.
- 6.5 Bailouts, Fiscal Consolidation and economic growth: the future of the euro..

BIBLIOGRAPHY

Recommended Bibliography:

- (EFP) *“Economia e Finanças Públicas”*, 4th Ed., Escolar Editora, 2012, Paulo Trigo Pereira, António Afonso, Manuela Arcanjo and José Gomes Santos.
- (EFP.TP) *“Economia e Finanças Públicas, da Teoria à Prática”*, 3rd Edition, Escolar Editora, 2012, Paulo Trigo Pereira.