

COURSE OUTLINE

(1) GENERAL

FACULTY/SCHOOL:	SCHOOL OF ECONOMICS, BUSINESS AND INTERNATIONAL STUDIES		
DEPARTMENT:	DEPARTMENT OF ECONOMICS		
LEVEL OF STUDY:	POSTGRADUATE		
COURSE UNIT CODE:	ΕΔΟΠ01	SEMESTER:	1 st SEMESTER
COURSE TITLE:	PUBLIC POLICY		
SELF RESULTING TEACHING ACTIVITIES:		WEEKLY TEACHING HOURS	CREDITS
LECTURES		3	6
<i>Add rows if necessary. The teaching organization and the teaching methods used are described in detail in (d).</i>			
COURSE TYPE:	GENERAL BACKGROUND		
PREREQUISITE COURSES:			
INSTRUCTION LANGUAGE AND ASSESSMENT LANGUAGE:	GREEK		
OPEN TO ERASMUS:	NO		
COURSE WEBSITE (URL):	https://eclass.unipi.gr/courses/OEP427/		

(2) LEARNING OUTCOMES

LEARNING OUTCOMES:	(3)
Upon successful completion of this course, students should be able to:	(3)
understand the reasons for public intervention in the case of externalities and public goods, analyze the effects of public policies and evaluate their effectiveness,	(3)
analyze the aggregation mechanism of individual preferences into collective (social) decisions,	(3)
evaluate alternative public spending programs using cost-benefit analysis,	(3)
analyze and evaluate government intervention in education and insurance markets.	(3)
GENERAL COMPETENCES:	(3)
Search for, analysis and synthesis of data and information by the use of appropriate technologies	(3)
Decision-making	(3)
Development of free, creative and inductive thinking	(3)

COURSE CONTENT

In recent years, the role of the government in the economy has increased. Therefore, understanding government policies is crucial for both policymakers and those who bear the effects of these policies. The purpose of this course is the understanding of the reasons justifying government intervention in the economy as well as the ways in which it intervenes. First, we will examine the effects of public

policies, in the context of positive analysis. Then, we will follow a normative approach by evaluating public policies in the light of efficiency and equity, the two aspects of social welfare. More specifically, we will focus our analysis on topics such as externalities, public goods and public intervention in the education and insurance markets.

Outline of course material (indicative)

- Theoretical tools of public policy (application of the theoretical tools of public policy to a case study – evaluation of the effect on social welfare)
- Empirical tools of public policy (distinction between correlation and causality, estimation of causation – case study)
- Externalities [positive and negative production and consumption externalities, private sector solution to externalities (Coase Theorem), public sector solution to externalities (taxation, subsidies, regulation), case study 1 – multiple plants with different pollution reduction costs / case study 2 – uncertainty about the cost of pollution reduction]
- Public goods (optimal provision of public goods, private provision of public goods and the free rider problem)
- Cost-Benefit Analysis (measuring the cost and the benefit of public projects, discounting, cost-effectiveness analysis)
- Political economy [mechanisms for aggregating individual preferences (Arrow's Impossibility Theorem, Median Voter theory), The Theory of Median Voter in the case of the representative democracy]
- Education (the role of the government in the provision of education, measuring the returns to education)
- Social security (how does social security work?, social security and consumption smoothing)
- Health insurance (how does health insurance work?, consumption smoothing benefits, moral hazard costs)

(4) TEACHING and LEARNING STRATEGY - EVALUATION

COURSE DELIVERY:	In Class (Physical Presence)	
USE OF ICT IN TEACHING:	• Use of ICT in teaching • Use of e – class to provide the study material for the course and to communicate with students	
COURSE DESIGN:	ACTIVITY/METHOD	SEMESTER WORKLOAD
	Lectures	30
	Study of exercises	60
	Study of theory	95
	Final exam	3
	Total	188
COURSE ASSESMENT:	Assessment methods: Written final exam (open-ended questions - problem solving) (in Greek) – 100% The evaluation criteria of the final exam are mentioned in the exam sheet.	

(5) SUGGESTED BIBLIOGRAPHY

Textbook (required):

- Gruber, J., 2019. Public Finance and Policy. DaVinci Publications, Athens (in Greek).

Supplementary readings:

(a) Textbook

- Rosen, H., Gayer, T., Rapanos, V., Kaplanoglou, G., 2011. Public Finance. Kritiki Publications (in Greek).

(b) Journal articles

- Black, D. (1969). On Arrow's Impossibility Theorem. The Journal of Law and Economics 12(2), 227-248.
- Diamond, P. (2004). Social security. American Economic Review 94(1), 1-24.
- Diewert, W.E. (1983). Cost-benefit analysis and project evaluation: A comparison of alternative approaches. Journal of Public Economics 22(3), 265-302.
- Feldstein, M.S. (1973). The welfare loss of excess health insurance. Journal of Political Economy 81(2), 251-280.
- MacKenzie, I., Ohndorf, M. (2016). Coasean bargaining in the presence of Pigouvian taxation. Journal of Environmental Economics and Management 75, 1-11.
- Oakland, W. (1987). Theory of public goods. In Auerbach, A.J. and Feldstein, M. (Eds.), Handbook of Public Economics 2, 485-535.
- Peltzman, S. (1973). The effect of government subsidies-in-kind on private expenditures: The case of higher education. Journal of Political Economy 81(1), 1-27.
- Polinsky, A.M., Shavell, S. (1982). Pigouvian taxation with administrative costs. Journal of Public Economics 19(3), 385-394.

Related Journals:

- American Economic Review (<https://www.aeaweb.org/journals/aer>)
- Journal of Public Economics (<https://www.journals.elsevier.com/journal-of-public-economics>)
- Journal of Policy Analysis and Management (<https://onlinelibrary.wiley.com/journal/15206688>)
- Journal of Public Economic Theory (<https://onlinelibrary.wiley.com/journal/14679779>)
- Journal of Public Policy (<https://www.cambridge.org/core/journals/journal-of-public-policy>)