

Faculty of Economic, Social and Political Sciences



ECON2152 Economics and Public Finances

[30h+15h exercises] 6 credits

This course is taught in the 1st semester

Teacher(s): Jean Hindriks
Language: French
Level: Second cycle

Aims

The course aims to introduce a systematic view (positive and normative viewpoints) of the way that resource allocation is conducted in the public sector in our mixed economies. This is a basic course on the subject, and only the main aspects (i.e. those that form part of an economist's training) will be addressed.

Main themes

Presenting a systematic view (positive and normative viewpoints) of the way that resource allocation is conducted in the public sector in our mixed economies. This is a basic course on the subject, and only the main aspects (i.e. those that form part of an economist's education) will be addressed.

Content and teaching methods

- I. The state in market economies: decision-making processes in the public sector; facts and institutions of public finance in Belgium.
- II. The impact of public decision-making: a study of the effects of taxation on labour supply, savings, company investment and financing it, and the balance of markets.
- III. General interest economic calculations: a recall of the two theorems of social welfare; the administration of the main public services (transport, energy and telecommunications): an analysis of their markets, pricing policy, investment and financing; the provision of collective goods and the correction of externalities (e.g. education, health the police/military/judicial services, and environmental protection): an evaluation of the needs of, and approaches to, funding; a cost-effectiveness analysis of public projects; fiscal decisions; and choosing rates of indirect taxation and scales of direct taxation.
- VI. The public financing of federal and local government.

Plan du cours

PARTIE INSTITUTIONNELLE : LES FINANCES PUBLIQUES DE LA BELGIQUE

Lectures on individual taxation, company tax, VAT and excise, social security, budgetary procedures, and the public financing of the federal government.

ANALYTICAL SECTION:

(1) The state in world economies.

Decision-making processes in the public sector.

(2) The impact of public decision-making (positive analysis).

A study of the effects of taxation on the labour supply, on savings supply, on company investment and the financing thereof, and market balance.

(3) Public decision-making and the general interest (normative analysis).

(a) The economic dimensions of the general interest - principles of optimality.

(b) Optimum management of the main public services (e.g. transport, energy and telecommunications)

An analysis of their markets, pricing policy, investment and financing.

(b) Optimum provision of collective goods and the correction of externalities (e.g. education, health, the police/military/judicial services, and environmental protection)

Evaluation of needs, the optimal dimension, and approaches to financing.

(c) Optimality in choice of projects: a value-for-money analysis of public projects.

(d) Optimality in fiscal decision-making.

Choosing indirect tax rates and indirect tax scales.

Method

The course a fairly broad range of subjects, but only the basics are dealt with in the 30 hours of teaching. The aim of the 15 additional hours is to provide an in-depth examination of issues examined in exercises and additional reading. The latter will examine certain theoretical and methodological aspects, and will include illustrations (e.g. case studies and empirical analyses). The course does not include practical work, but there are 15 hours of 'additional directed reading' that will focus on institutional aspects and Belgian public finance. The organisation of the reading, which will be supplemented by lectures given by specialists, will be explained in the first course.

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

Courses in Economics and Mathematics in the preparatory Economic Sciences degree course.

The final examination is a written examination, and will take place during the sessions of the ordinary examinations.

A syllabus will be on sale at the DUC. A basic reading list on public finances and public sector economics will be provided.

Other credits in programs

MAP23	Troisième année du programme conduisant au grade d'ingénieur civil en mathématiques appliquées	(4.5 credits)
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