

SECOND SEMESTER

Public and European Economics

General

SCHOOL	ECONOMIC SCIENCES		
DEPARTMENT	ECONOMIC SCIENCES		
LEVEL OF STUDY	Postgraduate		
COURSE UNIT CODE		SEMESTER OF STUDY	2nd
COURSE TITLE	Public and European Economics		
COURSEWORK BREAKDOWN		TEACHING WEEKLY HOURS	ECTS Credits
Lectures		3	7,5
COURSE UNIT TYPE	Scientific Area		
PREREQUISITES:	No		
LANGUAGE OF INSTRUCTION/EXAMS:	Greek		
COURSE DELIVERED TO ERASMUS STUDENTS	Yes(in English)		
MODULE WEB PAGE (URL)			

1. LEARNING OUTCOMES

Learning Outcomes

The course is divided into two modules.

In the first module, the course analyzes the activities of a modern state. Initially, it examines the scope and size of state activity in a market economy, and the primary tool for exercising policy, which is the state budget. Then, it explores the main methods for evaluating economic policy implementation. A fundamental goal is to utilize available resources in the most efficient way to maximize the produced output. At the same time, we are also concerned with the fairer distribution of the produced product, a goal that often conflicts with the principle of efficiency. For this reason, the course will examine ways to measure inequalities and how efficiency can be reconciled with fairness.

Additionally, the course looks into why the state intervenes in a competitive market economy. Even if the functioning of the market yields the optimal outcome, and even if the distribution of the produced product is fair, the state still intervenes to provide goods and services that the free competitive market does not provide at all or offers in socially insufficient quantities.

The next topic covers the other major tool at the state's disposal, taxation. In modern societies, taxation generates almost all the resources that the state can use to carry out its basic functions, such as national defense, education, health, etc. Finally, the course outlines the institutional framework for public procurement and the way fiscal control is exercised in Greece.

In the second module, the focus shifts to the creation and operation of the "artificial state entity," namely the European Union (EU), and specifically the Economic and Monetary Union. The course starts with the historical development of the EU and the EMU, then moves on to present the theoretical rationale for their creation through the theories of union and integration, as well as the rationale of Optimal Currency Areas, where the pros and cons of an Economic and Monetary Union are analyzed. The course continues with a presentation and discussion of the criteria for joining the EMU, including

the economic background of its functioning, particularly the New Macroeconomic Consensus. It then discusses the euro crisis, highlighting the "architectural mistakes" in the creation of the EMU, and concludes with an analysis of the measures taken to solve the crisis and rectify the "mistakes" of the EMU based on the proposals in the report of the five presidents of the EU and the EMU.

Upon successful completion of the first module, the student will be able to:

- Explain the theoretical approaches to the role of the state in the economy.
- Recognize the state's function as an economic unit.
- Identify the reasons and causes for state intervention.
- Define the legal framework for the operation of the Greek state in the economy.
- Evaluate the size of the state using economic indicators.
- Discover the relationship between the size of the state and economic development.
- Understand the reasons for the increase in public spending in all economies.
- Evaluate the concept and significance of the state budget.
- Describe basic concepts of fiscal policy.
- Analyze the European budget.
- Assess economic policy between efficiency and social justice.
- Compare concepts like economic growth and economic development.
- Define economic inequality and poverty.
- Assess the impact of public expenditure on goods and services on work incentives and income distribution.
- Evaluate the state's intervention methods, public goods, and externalities.
- Explain situations in which the market fails to maximize social welfare.
- Identify the effective provision of private and public goods.
- Describe the role of external effects in the economy.
- Recognize theories of public spending and taxation.
- Distinguish levels of public spending in relation to national defense, infrastructure, environmental regulations, social security, health, and education.
- Evaluate both microeconomic and redistributive impacts of these expenditures.
- Recognize taxation theory, understanding of the Greek taxation system, and public borrowing.
- Evaluate types of fiscal control.
- Explain the fundamental principles and legal framework of public procurement contracts.

Upon successful completion of the second module, the student will acquire the knowledge and skills necessary to:

- Recognize the key factors that determine the functionality of an international economic governance system in the form of an economic and monetary union.
- Distinguish various exchange rate regimes.
- Recognize the restrictions imposed by a monetary regime on the use of an exchange rate system.
- Recognize the limitations imposed by financial integration on the use of an exchange rate regime.
- Recognize the fundamental weaknesses of an unacceptable currency.
- Recognize the problem of monetary mixing faced by many countries.

Skills that will enable the student to:

- Evaluate basic exchange rate regimes, identifying the functionality under specific circumstances where different regimes work or not.
- Distinguish when and for what reasons dollarization and currency board regimes can be applied.
- Identify problems related to monetary and fiscal discipline in the functionality of an international governance system like the EMU.

Abilities that will enable the student to:

- Assess proposed regimes based on empirical evidence regarding the degree of intervention by authorities:
 - In the formulation of exchange rates,
 - In the execution of monetary policy,

- In the level of financial market openness.
- Propose research programs for evaluating policies.
- Participate actively in public economic dialogue.
- Provide advisory support on international monetary issues.

General Skills

- Autonomous Work
- Work in an international environment
- Work in an interdisciplinary environment
- Practice of criticism and self-criticism
- Promotion of free, creative, and inductive thinking

2. CONTENT

UNIT 1: Public Economics

LECTURE 1: Public Sector Activity and Size of the State

- Theoretical Approaches to the Role of the State in the Economy
- Types of State Organization
- The Legal Framework for the Operation of the Greek State in the Economy
- Determining the Size of the State through Economic Indicators
- Reasons for the Increase in Public Expenditures
- Size and Productivity of the Public Sector
- The Relationship Between the Size of the State and Economic Development

LECTURE 2: General State Budget and National Fiscal Policy

- Characteristics of the State Budget
- Distinctions of the General State Budget
- Concept and Content of Fiscal Programs
- Drafting and Executing the State Budget
- Public Expenditures, Content, and Classification
- National Fiscal Policy
- Taxation or Borrowing?
- Public Debt

LECTURE 3: Evaluation of Economic Policy: Efficiency and Social Justice

- Assessing Economic Efficiency
- Economic Growth and Economic Development
- Economic Inequality - Poverty Level
- Limitations of the State's Redistributive Policy
- Anti-Poverty Policies
- Effects of Public Expenditures on Goods and Services on the Incentive to Work
- Effects of Public Expenditures on Income Distribution

LECTURE 4: Market Failures and State Interventions

- Similarities and Differences Between the Public and Private Sectors of the Economy
- Conditions for Maximizing Social Welfare
- Reasons for the Necessity of State Intervention in the Economy
- Imperfections of State Intervention
- Public Policies in the Health Sector
- Public Policies in the Education Sector

- Public or Private Production?

LECTURE 5: Taxation in Greece and the European Union

- Presentation of the Basic Principles of Taxation
- Tax Analysis
- Theory of Tax Paying Capacity
- Tax Shifting
- Tax Evasion
- Tax Avoidance
- Informal Economy
- Performance of the Greek Tax System
- International Experience in Tax System Reform

LECTURE 6: Fiscal Control and Public Sector Procurement

- Types of Fiscal Control
- Fiscal Control Services
- Stages of Expenditure Realization
- Expenditure Control Bodies
- Institutional Framework of Public Procurement
- Concept and Types of Public Procurement
- General Rules for Concluding Public Contracts
- Bodies Responsible for Conducting Public Procurement Procedures
- Presentation of the National System of Electronic Public Procurement (ESIDIS)
- Presentation of the Central Electronic Register of Public Contracts (KHMDs)
- Presentation of the European Single Procurement Document (ESPD)

Unit 2: European Economics

LECTURE 7: Public Economics and European Economics

- Public Administration in Contrast to Public Economics
- European Economics as Part of Global Governance
- The Creation of an Economic and Monetary Union as a Combination of Exchange Rate System, Capital Movement, and Implementation of Individual Policies
- The Policy Trilemma à la Rodrik
- The Economic Trilemma

LECTURE 8: Theories of Exchange Rate Regime Selection

- Classification of Exchange Rate Regimes
- Theories of Exchange Rate Regime Adoption Based on the Effectiveness of Exchange Rate Regimes
- Political Economy Theories of Exchange Rate Regime Selection
- Theories of Optimal Currency Areas

LECTURE 9: European Economic and Monetary Union

- The Post-Criteria for the Creation of a Monetary Union
- Cost-Benefit Comparison in the Creation of a Monetary Union
- Endogeneity and Specialization as Key Characteristics of a Monetary Union

- Integration and Unification as Key Characteristics in the Formation of a Monetary Union

LECTURE 10: The Criteria for the Creation of a Monetary Union:

- Creation of the European System of Central Banks and the European Central Bank
- Monetary Policy in the EMU as a Binding Regulatory Process
- Fiscal Policies as the Exclusive Competence of Individual States
- Convergence Criteria
- Criteria for Fiscal Deficit
- Criteria for Public Debt
- Criteria for Inflation Levels
- Criteria for Interest Rates
- Criteria for Exchange Rate

LECTURE 11: Macroeconomic Background of the EMU:

- Monetary Union and the Role of the Lender of Last Resort
- New Classical School of Economic Thought – Rational Expectations as the Basis of the Macroeconomic Background of the EMU
- The New Macroeconomic Consensus as the Basis of the EMU
- A Simple Model of Rational Expectations

LECTURE 12: The Global Financial Crisis and the Euro Crisis

- The Outbreak of the Global Financial Crisis in the US
- The Spread of the Crisis to Europe
- The Vicious Circle of Banks and States in Europe
- The Architectural Mistakes of the EMU and the New Incompatibility Triangle of Jean-Mary Pisani-Ferry
- Pisani-Ferry's Proposals for Resolution
- The Junker Commission's Proposals
- The Proposals of the Five Presidents

LECTURE 13: Fiscal Governance after the Euro Crisis

- The Interpretation of the Crisis by Institutional Bodies, Mainly the Commission
- The Focus on Non-Compliance with the Stability and Growth Pact and the Need for Further Tightening of the Pact
- The Six-Pack Measures
- The Fiscal Compact
- The Two-Pack Measures
- The European Semester

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TEACHING METHODS - ASSESSMENT

MODE OF DELIVERY	Distance Learning	
USE OF INFORMATION AND COMMUNICATION TECHNOLOGY	Powerpoint presentation e-class	
TEACHING METHODS	<i>Method description</i>	<i>Semester Workload</i>
	Lectures	58

	<i>Individual coursework and presentation</i>	32
	Personal study	97.5
	Total	187,5
ASSESSMENT METHODS	I. Written Final Exam (60%) including: <ul style="list-style-type: none"> • Multiple Choice Questions • Comparative Evaluation of Theoretical Elements II. Written Assignment and Presentation with PowerPoint (40%)	

3. RESOURCES

H. Rosen, T. Gayer, Δημόσια Οικονομική: Σύγχρονη Θεωρία και Ελληνική Πραγματικότητα. Εκδόσεις Κριτική 2009.

Stiglitz Joseph E., Rosengard Jay K. (Συγγρ.) - Καραβίτης Νικόλαος, Αδάμ Αντώνης (Επιμ.) Οικονομική του δημόσιου τομέα. Εκδόσεις Κριτική, Αθήνα 2019.

Jonathan Gruber, Δημόσια Οικονομική και Πολιτική, Διαθέτης (Εκδότης): DA VINCI Μ.Ε.Π.Ε, 2019

-Scientific Jounlas:

1. International Journal of Economic Theory
2. Economic Papers: A journal of applied economics and policy
3. Economic Policy
4. International Economic Review
5. Economic Outlook