

The Economics of the State (6 ECTS)

1. Course Description

The course analyzes the role of the state and its implications for the functioning of the economy. The approach followed in this course is multi-disciplinary in both content and methodology. Regarding content, it draws from:

- history to discuss the quantitative and qualitative evolution of the state
- philosophy to discuss state's political legitimacy and to establish the state's normative boundaries
- economics to analyze the state's provision of goods and services and the conditions under which such a provision may be efficient
- politics to illustrate how political considerations affect what the state does and how big it is.

Methodologically, the course makes use of simple econometric analysis and requires students to run some statistical packages.

2. Learning Outcomes

Knowledge and understanding

Knowledge of the main theories on the role of the state and their positive and normative claims. The course offers to students to possibility to gain a wide understanding of how states work and their effects on the functioning of the economy.

Applying knowledge and understanding

Students will engage in both theoretical and applied learning. In particular, they will study theories and will be required to develop simple econometric analysis to test hypotheses about the functioning of the state and, in general, of institutions. Students will also be required to demonstrate their communicative abilities, both in writing and in presenting their ideas. They will also learn to approach a problem from a multi-sectoral and a multi-disciplinary perspective.

Making judgements

Students learn to assess state interventions in the economy and the role of institutions in the promotion of economic performance.

Communication

Students must present and discuss in class the relevant literature and the results of an empirical analysis of their choice, related to the course's subject matter.

Learning skills

Students are enabled to acquire skills – through individual assignments and interactions with professors – required to study the relevant literature.

3. Course Content

The course is divided in three parts:

a) The origin of the state: historical and theoretical perspectives

This part introduces the concept and theory of the state and discusses its historical evolution. In particular, the course will deal with:

- Social interactions and institutional design
- Spontaneous order
- Coordination failures and institutional response
- Utopian capitalism and exchange
- The historical evolution of the state

b) Reforming the state and its relation with individuals

This part of the course deals with the reforms that may be implemented to improve growth as well as objective and subjective prosperity. In particular, the course will deal with:

- Concepts and measures of relevant political variables
- The institutions of a capitalist economy
- Reforming institutions: political economy perspective

c) The behavioral issues of institutional reforms

This part of the course deals with the behavioral issues surrounding reforms and the political consensus necessary to implement them. In particular, the course will deal with:

- Voters' rationality
- Freedom as a policy tool
- Ethical behavior and reforms

4. Course Design

The course is made up of lectures and seminars in which students present their essays. Students' active participation is therefore mandatory.

5. Student's Evaluation

Assessment is carried out by means of:

- a) a written exam, at the end of the course, consisting of an essay on a topic assigned by the examiner (70%);
- b) a project report and its presentation (30%).

An ECTS grade is provided to the student at the end of the course according to the A–F scale. Students not successfully fulfilling all the course requirements within the regular time frame have the option of a re-sit the following semester.