

# On the Effects of the Introduction of the Deficit Reduction Plans on the Dynamic of the Public Health Expenditure in Italy

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## Abstract

The Italian health system was modified in 2001 from a centralized system to a decentralized one. This reform helped to reduce the dynamic of the health expenditure in the subsequent period. Nevertheless, this reduction was not uniform in all the Regions. Some Regions were able to better manage the increased autonomy to reorganize more efficiently the Regional health system (which already was administered regionally) and were able to reduce the dynamic of public health expenditure while some others were less able to achieve the same reduction.

The initial approach of bailing out the subsequent deficit generated by these Regions generated in the Regions an expectation of bailing out. This softened the Regional budget constraint and every two years was necessary again to bail out the debts of the Regions.

The introduction of the deficit reduction plans was an important instrument of governance that significantly reduced the expectation of bailing out. This paper analyzes the driving factors of public health expenditure in Italy and quantifies the effect of each factor and particularly the reduction effect of the deficit reduction plans on the dynamic of the Regional public health expenditure.

# Heterogeneous expectations and stock market participation

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## **Abstract**

Stock market non-participation is a contradiction of the classic financial economic models. This was mostly studied with models based on the entry costs approach. Few models use instead the heterogeneous expectation approach, which has been mostly used for asset pricing models.

In this paper, I present some facts collected in the literature on stock market participation and I compare the two approaches above on the basis of the ability of the models to explain these facts. This problem is more frequently studied using the entry costs approach. Nevertheless, this approach is not able to explain some of the facts presented in the literature.

For this model I instead propose a model based on the heterogeneous expectations approach. The model is very flexible and can be developed in many directions. Using very simple assumptions, this model can explain in a very easy way the participation choice in a general equilibrium framework and is coherent with most of the facts on stock market participation.