

**Course Outline
Economics 336Y
Public Economics**

Professor Michael Smart

Grading

The grading scheme is

Writing assignments (2, 1-2 pages)	10%
Content tests (about 5)	5%
Class participation	5%
Midterms (2)	40%
Final exam	40%

The midterm exams will be held during class time. The final exam will be cumulative, but will emphasize second-semester material. Principles for assigning the class participation grade will be discussed in class.

Writing assignments will be short – details to follow. From the Office of Academic Integrity: “Students agree that by taking this course all required papers may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. The terms that apply to the University’s use of the Turnitin.com service are described on the Turnitin.com web site.” Late papers will be assigned a penalty of 10% per week.

Students missing exams must present a written request for special consideration by the beginning of the next lecture, together with a valid medical certificate.¹ If the request for special consideration is accepted, students will be required to write a makeup exam that takes place in class, immediately following the next lecture. **Failure to adhere to these procedures will result in assignment of a grade of zero.**

Readings

The recommended textbook:

J. Gruber, *Public Finance and Public Policy*, 3rd ed., (Worth Publishers).

It is strongly recommended that students read the Gruber book. It is available from Amazon and will be on reserve at Robarts Library.

Required readings are available from the course website,² where they are labelled with an asterisk. On randomly selected days, **students will be required to answer short content quizzes**

¹Available at <http://www.artsci.utoronto.ca/current/undergraduate/course/timetable/2006-2007-fall-winter-timetable/medcert.pdf>.

²See <http://www.economics.utoronto.ca/msmart/336>.

about these papers, to be administered at the beginning of the lecture for which the reading applies.

Lectures

The following is an approximate schedule for lectures, together with suggested readings from the textbook and required papers. **Note that required readings are subject to change; please consult the website for the latest version.**

Lecture	Topic	Gruber chapters	Required Readings
1	Introduction	1-3	
2	Public goods: Efficiency	7	Samuelson, 1954
3	Private provision of public goods	7.3	
4	Voting	9	Mueller, 2003
5	Public choice		Mulligan, 2004
6	Externalities	5.1-5.3	Parry and Small, 2005
7	Policy responses to externalities	5.4-6.2	
8	Midterm exam I		
9	Economics of traffic congestion		Arnott and Small, 1994
10	Cost-benefit analysis	8	Ashenfelter and Greenstone, 2004
11	Long-run fiscal policy	4	Kotlikoff, 2006; Auerbach, 2011
12	?		
13	Excess burden		
14	Tax avoidance	20.1	Feldstein, 1995
15	Tax incidence	19	
16	Optimal taxation	20	Slemrod, 1990
17	Midterm exam II		
18	Taxation and income distribution	17.1, 18	Saez and Veall, 2005
19	Income support programs	21, 14	
20	Business taxation	24	
21	Taxation of savings	22	
22	Sales taxation	25	Mankiw, 2010; Gruber, 2001
23	Public-sector pricing		
24	Fiscal Federalism	10	