Course Outline
Economics 336
Public Economics

Professor Michael Smart

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Learning objectives

In this course you will learn:

- basic facts about taxation, revenues, and expenditure programs of governments in Canada and around the world
- theoretical and quantitative tools used by economists for government policy analysis
- how to marshall economic arguments and statistics and communicate them effectively to an audience
- how to evaluate policy arguments of others – what unstated assumptions are being made, what objectives are being sought, what factors are causal, and so on.

At the broadest level, students come out of this course with a better sense of what government does, and a more sophisticated understanding of the arguments about government policy used by politicians, experts, and the media – at least, that is the hope!

Grading

The grading scheme is

Midterm exam	25%
Class presentation and short paper	20%
Student participation	20%
Final exam	35%

Students will join groups of about six to participate in an in-class mock debate on a chosen policy issue, during Week 9 of the term. All group members will research an aspect of the assigned policy issue and write a 2-3 page summary of their findings to be shared with their group and then handed in for frading. Three members of each group will present arguments to the class during the mock debate session.

These short papers are due on Monday of Week 9 at 6 pm, and must be submitted through Quercus. 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.

Participation scores will be determined based on the following activities:

- content quizzes on required readings (about 4 quizzes in class)
- participation in online discussion forum (about 4 discussion topics posted)
- attendance at mock debate sessions, lectures, and tutorials
- contributions to informal in-class discussions

Students missing midterm 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 the scheduled tutorial session in the week following the missed exam. **Failure to adhere to these procedures will result in assignment of a grade of zero.**

Lectures and tutorials

Lectures take place on Tuesdays during the scheduled class time. Detailed lecture notes will be posted to the website in advance of class. Please read those notes in advance – I will occasionally work quickly through them, assuming some degree of prior understanding. The use of cellphones is prohibited at all times during class – including during mid-class health breaks.

There will be occasional tutorials scheduled during the "third hour" in the timetable, as noted on the course website. In the tutorials, our TA will take up solutions to ungraded problem set questions and to sample exam questions. Attendance at tutorials is strongly encouraged.

As well, the tutorial hour may be used for our mock debate presentations. Attendance on these days in mandatory.

Readings

The recommended textbook:

> Rosen, Snoddon and Wen, 2016, *Public Finance in Canada*, Fifth Edition, (McGraw-Hill Ryerson).

It is strongly recommended that students read the Gruber book. You can purchase it from Amazon or other retailers – any recent addition will do. It will also be available at Robarts library on short-term reserve.

Some students may also wish to consult:

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

Gruber, 2016, *Public Finance and Public Policy*, (Worth Publishers).

This is an excellent book which covers much of the same material – but it is written for a US rather than a Canadian audience.

Required readings are available from the course website, where they are labelled with an asterisk. On randomly selected days, **students will be required to answer short content quizzes about these papers**, to be administered at the beginning of the lecture for which the reading applies.

Lectures

The following is an overview of topics covered, together with readings from the textbooks and required papers. **Note that required papers may change: consult the website for the final list.** Some topics will take more than one lecture to cover. Consult the website for the precise schedule.

Lecture	Topic	Rosen	Gruber	Required Readings
1	Introduction	1-2	1-3	
2	Taxation and efficiency	15-16	20	
3	Tax incidence	14	19	
4	Taxation and income distribution	6,17-18	17,21	Saez and Veall, 2005
5	Externalities	5	5-6	Parry and Small, 2005
				Metcalf, 2009
6	Public goods	10	7	Samuelson, 1954
7	Public choice	7	9	Mulligan, 2004
8	Voting			Mueller, 2003