

# HURON UNIVERSITY COLLEGE

## Economics 2178A, Section 550

### Government Tax and Expenditure Policies, and their Effect on Social Welfare

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Office: A20

Class Schedule: Monday 2:30 p.m. - 3:30 p.m. and Wednesday 3:30 p.m. - 5:30 p.m.

Classroom: W108

Office Hours: Wednesday 2:30 p.m. - 3:30 p.m.

\*Subject line must include "2178"

This half-year course presents an introductory-level survey of public economics. In this course we examine the role of the government in the economy, focusing on government tax and expenditure policies, and their effect on social welfare. We address questions of when the government should intervene in the economy, how the government might intervene, what the effects of those interventions are on economic outcomes, and why governments choose to intervene the way they do.

**Course Website:** A website on OWL will be used to post materials relating to the course.

**Prerequisites:** Economics 1021A/B and 1022A/B, or Economics 1020.

**Registration:** You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://studentservices.uwo.ca/secure/index.cfm>. If you notice a problem, please contact your faculty academic counsellor right away.

**Textbook:** Gruber, J., Public Finance and Public Policy, 5e, Worth Publishers, 2016.

#### **Course Objectives:**

Students will use economic models and reasoning in order to understand issues in public expenditure and taxation.

Students will use market analysis in order to explain various market inefficiencies and their effect on social welfare.

Students will compare the effectiveness of alternative policy approaches towards different social objectives.

## Course Outline:

### PART I: Introduction and Background

Why Study Public Finance? (Chapter 1)

Tools of Public Finance (Chapters 2, 3)

### PART II: Externalities and Public Goods

Externalities (Chapters 5, 6)

Public Goods (Chapter 7)

Cost-Benefit Analysis (Chapter 8)

Political Economy (Chapter 9)

### PART III: Social Insurance and Redistribution

Social Security (Chapter 13)

Income Distribution and Welfare Programs (Chapter 17)

### PART IV: Taxation in Theory and Practice

Taxation, Equity, and Efficiency (Chapters 18, 19, 20)

The student should note that the above outline is tentative and the order of topics may change and/or topics may be added or deleted as the course progresses. Some topics may also be given more attention than others. Absence from class is not an excuse for not having knowledge of changes. The student should also note that chapter references are given as a guide, but lectures may also draw on other references and supplementary material. All material covered in lectures is subject to examination.

## Class Methods:

Lectures are an integral part of the requirements for this course (please see Attendance Regulations for Examinations in the appendix). Readings and/or questions may be assigned in anticipation for class discussions. Students are expected to be on time and prepared to participate. Frequent or excessive lateness is not acceptable.

## Assessment:

Your grade in this course will be based on your performance in three examinations as well as your attendance and participation.

The first mid-term exam will be held in class time on **October 17** and will account for 25% of the overall grade.

The second mid-term exam will be held in class time on **November 14** and will account for 25% of the overall grade.

The final examination will be on a date set by the Registrar during the **final examination period** (December 10-21). This exam will count for 40% of the overall grade.

Your attendance and participation will count for the remaining 10% of the overall grade.

**Note:** If you fail to attend a mid-term examination you will receive the mark of zero. Should you miss a mid-term examination for extenuating circumstances, such as a death in your immediate family or a serious illness, it is your responsibility to request accommodation and to provide appropriate documentation to support your request. Note that not all requests will be granted accommodation. See the Appendix to Course Outlines below for documentation submission procedures. A makeup exam may be offered or the weight of the missed examination may be reallocated at the instructor's discretion.

Plagiarism detection software may be used in this course. Students may be required to submit their work in electronic form.

The Appendix to Course Outlines is posted on the OWL course site.