

YORK UNIVERSITY

LA & PS
DEPARTMENT OF ECONOMICS

FALL 2021

AP/ECON **4070.03 A: PUBLIC FINANCE I**
T 16:00 – 19:00, Room: DB 0014

Instructor: VASSILIOS BARDIS
Room: DB 2020 (NOT ACCESSIBLE AT THIS STAGE)
Office Hours: ONLINE (ZOOM) TBA
E-mail: vbardis@yorku.ca
Website: Available on *eclass.yorku.ca* by the first day of class (Sept. 14)

PREREQUISITES

Prerequisites: AP/ECON 2300 3.00, AP/ECON 2350 3.00, AP/ECON 2400, and AP/ECON 2450 3.00, or equivalents. Course credit exclusion: GL/ECON 3570 3.00. PRIOR TO FALL 2009: Course credit exclusions: AK/ECON 3450 3.00, AS/ECON 4070 3.00, GL/ECON 3570 3.00.

COURSE DESCRIPTION

Public Finance courses provide an introduction to the analysis of the role of government in a modern economy using microeconomics principles and methods. They examine the interaction between governments' attempts to provide services and the financing of expenditures through traditional and non-traditional means. Part I focusses on the incidence, efficiency and optimality of alternative tax/subsidy schemes.

SOME IMPORTANT DATES

Classes start / end	Sept. 8 / Dec. 7
Last date to add a course without / with permission of instructor	Sept. 21 / Oct. 5
<i>Last date to drop course without receiving a grade</i>	Nov. 12
Course Withdrawal Period (withdraw from a course and receive a "W" on the transcript)	Nov. 13 – Dec. 7
Examination Period	Dec. 9 - 23
Fall Reading Week	Oct. 9 - 15
Holiday (University Closed)	Oct. 11

COURSE ORGANIZATION

This course is scheduled to meet in person in the location assigned (DB 0014). Accordingly, the class meets at the specified location on the first day of class (Sept. 14) and will continue to do so until further notice. *In the event the University decides that the course is to be held or continue remotely/online, the necessary adjustments will be made and the details will be posted on the course website.*

Students and faculty are expected to follow the University's guidelines regarding the safe return to campus. **Please check <https://www.yorku.ca/bettertogether/> regularly for updates and for the required steps.**

Office hours will be held on Zoom. Zoom registration is required. The Zoom link, registration details and the specific times will be available on the course website under "Virtual Office Hours".

GRADING

The course grade will be based **on two term tests** and a **final exam**.

There are no deferred term tests. There will a deferred final exam for students who qualify (see below).

The course grade will be calculated as follows. Let H and L denote the highest and lowest of the two term test grades and X denote the final exam grade (each grade out of 100). Then the course grade, Y, will be

$$Y = \max (0.25 H + 0.25 L + 0.5 X , .35 H + .65 X, 0.85X).$$

It follows from the above that

- the maximum weight of the term work is 50% and the minimum weight of the final exam is 50%.
- for students who complete both tests, the worst test will be ignored if it benefits the student.
- for students who complete only one of the two tests, the weight of the test is 35% and the final exam weight is 65%.
- if both tests are *not* completed, then a grade of *zero* will be assigned to 15% of the course grade.
- the weight of the final exam cannot exceed 85%.

The composition of each test will rely more heavily on the material covered in the three to four weeks preceding the date of the test. *The term test dates will be posted on the course website on the first week of classes.*

The final exam will be comprehensive and will held during the examination period on the date and time scheduled by the University (to be announced). The opportunity to write a deferred exam will be available to students for whom a religious observance coincides with the date of the final exam or who are unable to complete the exam due to reasons beyond their control. If this applies to you, please email me to let me know. (After the date of the final exam, students who did not complete the final exam must request deferred standing by completing the required mach form. This information is available on the department website at <https://www.yorku.ca/laps/econ/undergraduate-programs/academic-resources/department-policies/deferred-standing/>

Reappraisal of Term Work: It is strongly recommended that reappraisal of students' term work should be completed during the course of the term and prior to the submission of final course grades.

Note on Senate Policy on Academic Honesty: Conduct that violates the ethical or legal standards of the University community or of one's program or specialization may result in serious consequences. Please familiarize yourself with the meaning of academic integrity by completing SPARK's [Academic Integrity module](#) at the beginning of the course. Breaches of academic integrity range from cheating to plagiarism (i.e., the improper crediting of another's work, the representation of another's ideas as your own, etc.). All instances of academic dishonesty in this course will be reported to the appropriate university authorities, and can be punishable according to the [Senate Policy on Academic Honesty](#).

Note on the use of Electronic Devices for in-person Class Sessions: All electronic devices must be turned off during class. Audio/visual recordings of any type are not allowed. Only simple calculators are allowed during tests and exams.

TEXTBOOKS

There is *no* required textbook. Textbook 1 on the list below is recommended.

1. John Leach, *A Course in Public Economics*, Cambridge University Press, 2003.
2. Jonathan Gruber, *Public Finance and Public Policy*, 3rd edition, Worth, 2011.
3. Jean Hindriks and Gareth D. Myles, *Intermediate Public Economics*, 2nd edition, MIT Press, 2013 (1st edition, 2006)
4. Harvey S. Rosen, Jean-Francois Wen and Tracy Snoddon, *Public Finance in Canada*, 4th edition, McGraw-Hill Ryerson, 2012.
5. David N. Hyman, *Public Finance: A Contemporary Application of Theory to Policy*, 11th edition, South Western Press, 2014. (10th edition, 2011)
6. Joseph P. Stiglitz, *Economics of the Public Sector*, 3rd edition, W. W. Norton, 2000.
7. Hal Varian, *Microeconomic Analysis*, 3rd Edition, W. W. Norton & Company, Inc., 1992.
8. Walter Nicholson and Christopher M. Snyder, *Microeconomic Theory : Basic Principles And Extensions*, Nelson Education, 2011.

LIST OF TOPICS (TENTATIVE)

Fundamentals of Welfare Economics

- Equilibrium and Efficiency in an Exchange Economy
- Equilibrium and Efficiency in an Economy with Production

Tax Incidence

- Partial Equilibrium Analysis
 - Taxes and Elasticities under Perfect Competition
 - Tax Incidence in Input Markets
 - Taxes in Imperfectly Competitive Markets
- General Equilibrium Analysis

Taxes and Efficiency

- The Deadweight loss (Excess Burden) of a Tax in the Standard Consumer Model
- The Excess Burden of a Labor Tax
- Efficiency Losses and Elasticities in Equilibrium Models
- A Note on Taxes and Externalities

Topics on Optimal Taxation

- Optimal Commodity Taxation and the Ramsey Rule
- Optimal Income Taxation