

YORK UNIVERSITY

LA & PS
DEPARTMENT OF ECONOMICS

FALL 2024

AP/ECON 4070.03 A: PUBLIC FINANCE I
T 16:00 – 19:00, ROOM: CB 129

Instructor: VASSILIOS BARDIS
Room: 1107 VH
Office Hours: TBA
E-mail: ybardis@yorku.ca
Website: Available on *eclass.yorku.ca* by the first day of class

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. This course (part I) focusses on the incidence, efficiency and optimality of alternative tax/subsidy schemes.

SOME IMPORTANT DATES

Classes start / end	Sept. 4 / Dec. 3
Last date to add a course without / with permission of instructor	Sept. 18 / Oct. 2
<i>Last date to drop course without receiving a grade</i>	Nov. 8
Course Withdrawal Period (withdraw from a course and receive a "W" on the transcript)	Nov. 9 – Dec. 3
Examination Period	Dec. 5 - 20
Fall Reading Week	Oct. 12 - 18
Holiday (University Closed)	Oct. 10

GRADING

The course grade will be based on **in-class participation, two online quizzes, a midterm exam (Oct. 22)** and a **final exam**. All exams in the course are **in-person**.

The course grade will be calculated as follows. Let P denote the participation grade, Q denote the highest of the two quiz grades, M denote the midterm exam grade and X denote the final exam grade (each grade out of 100). Then the course grade, Y, will be

$$Y = 0.05 \max(P, X) + 0.15 \max(Q, X) + 0.3 \max(M, X) + 0.5 X$$

The midterm exam date will be posted on the course website on the week of the first class of the course. There is no deferred midterm exam and not deferred quizzes. If the midterm exam is not taken, then the weight is transferred to the final exam. There will a deferred final exam for students who qualify (see below).

The final exam will be comprehensive and will be 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)

Review of Fundamental Concepts from Consumer and Producer Theory
Fundamentals of Welfare Economics

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

Tax Incidence (Partial vs General Equilibrium Analysis)

- Taxes and Elasticities under Perfect Competition
- Tax Incidence in Input Markets
- Taxes in Imperfectly Competitive Markets

Taxes and Efficiency

- Measures of the Deadweight loss (Excess Burden) of a Tax
- Efficiency Losses and Elasticities in Equilibrium Models
- A Note on Taxes and Externalities

Optimal Taxation

- Optimal Commodity Taxation and the Ramsey Rule
- Optimal Income Taxation
- Personal and Corporation Income Taxes