

AP/ECON 4070 3.0A PUBLIC FINANCE I
Public Finance in Canada : Taxation
Autumn 2011 – 12

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Text

There is **NO** required textbook for this course.

There are several textbooks which may be worth using.

The only Canadian textbook is

**Rosen, Wen, Snoddon, Dahlby, and Smith : PUBLIC FINANCE IN CANADA
Third Canadian Edition, McGraw-Hill Ryerson 2008**

This book has a lot of useful information on Canadian tax policies, but is pretty expensive.
It will be on 2-hour reserve in Scott Library.

A very good theoretical text, which actually has more material on public expenditure than on
taxation, is

Hindriks and Myles : Intermediate Public Economics, MIT Press, 2006

Similar (good, theoretical, not enough on taxation) is

Leach : A Course in Public Economics, Cambridge, 2004

If you want lots of real-world applications and empirical examples (mostly American, unfor-
tunately) try

Gruber : Public Finance and Public Policy, Third Edition, Worth, 2009

And an older book which still is very useful is

**Boadway and Wildasin : Public Sector Economics, Second Edition, Little Brown,
1984 (Chinese translation : Renmin University Press, Beijing, 2000)**

Although most of the course (as well as most of the winter term course) is theoretical in
nature, I will refer occasionally to the Canadian tax system. Perhaps the best source of data on
both the revenue (fall term) and expenditure (winter term) of the Canadian federal, provincial
and municipal governments is: *Finances of the Nation*, by Treff and Ort. The most recent version

available is the 2010 edition ; the reference section of the Schulich library has a copy.

I will refer below to material from some of these books. But perhaps the most comprehensive reference (if not the most elegant or coherent) are my lecture notes, which will be available (in "pdf" format) online on my website.

Evaluation

Your grade will be determined by a mid-term exam, and a final exam.

Mid-term	Wed. Oct 26	in class time	33.33%
Final Exam	exam period	(Dec 8-22)	66.67%

The mid-term will be held in class time, and will last 50 minutes.

Senate Policy on Academic Dishonesty

The university's rules concerning cheating, and other breaches of academic honesty, can be found on the web at

<http://www.yorku.ca/secretariat/policies/document.php?document=69>

Deferred Standing

The department's policy on deferred standing (make-up final examinations) can be found on the web at

http://dept.econ.yorku.ca/undergraduate/Deferred_Standing1.pdf

Course Outline

1. Introduction

(also see Rosen et al chapters 1,2,3 ; Varian : *Intermediate Microeconomics*, chapters 30–32 ; Leach chapters 2 – 4, 16 ; Hindriks and Myles, chapter 2)

2. Tax Incidence

(also see Rosen et al chapter 15 ; Boadway and Wildasin, chapter 12 ; Gruber, chapter 19 ; J. Whalley, “Regression or Progression : The Taxing Question of Incidence Analysis”, *Canadian Journal of Economics*, 17, 1984, 654–682)

3. Taxation and Efficiency

(also see Rosen et al chapter 16 ; Leach, chapter 17 ; Hindriks and Myles, section 14.2 ; Gruber, section 20.1)

4. Optimal Taxation

(also see Rosen et al : chapter 17 ; Leach, chapter 18 ; Hindriks and Myles, chapters 14 – 16 ; Gruber, sections 20.2 and 20.3)

5. Personal Income Taxation

(also see Rosen et al chapters 18,19 ; Boadway and Kitchen chapters 2,3 ; Gruber, chapters 21 – 23)

6. The Corporation Income Tax

(also see Rosen et al chapter 22 ; Hindriks and Myles, section 18.2 ; Gruber, chapter 24)