



## Econ\*3610 Public Economics Winter 2025

0.5 Credits

### General Course Information

<b>Instructor:</b>	J. Atsu Amegashie
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<i>Office Location</i>	MacKinnon 711
<i>Office Hours</i>	Tuesday/Thursday, 1 pm to 2 pm (in MCKN 711)
<i>Department/School</i>	Department of Economics and Finance

**Pre-requisites:** ECON\*2310

### Course Description

In the wake of the global financial crisis that reached its peak in 2008, the role of government, markets, and regulatory agencies requires some scrutiny. Public Economics is a systematic economic study of the functions of government and markets. Roughly twenty-five percent of Canada's national output is purchased by government, and approximately one-third of national income is collected in taxes. This course evaluates both market performance and government intervention, and critically reviews the main sources of tax revenue. The objectives of this course are to develop the requisite theoretical tools for an economic study of the public sector and policies, introduce the student to institutional fiscal arrangements in Canada, and develop an appreciation of public sector expenditure and taxation. This course is grounded in microeconomic theory.

### Course Content

We shall, among others, cover the following chapters:

#### **Chapter 2: Fundamentals of Welfare Economics**

The whole chapter including the appendix

#### **Chapter 14: Taxation and income distribution**

**Principles of taxation, progressive taxation, equal sacrifice principle of taxation, etc.**

The whole chapter except the following subsections:

“Commodity taxation with monopoly” and everything beginning at “Tax incidence and capitalization” and beyond

## **Chapter 15: Taxation and efficiency**

The whole chapter except the following subsections:

Differential taxation of inputs

We shall cover the material in appendix A (not B).

## **Chapter 16: Efficient and equitable taxation**

The whole chapter

## **Chapter 19: Consumption Taxation**

The whole chapter except the following subsection:

Hall-Rabushka flat tax

\*\* We shall spend an entire lecture or two on the HST (Harmonized Sales Tax) in Ontario. This is not covered in any detail in your textbook.

## **Chapter 8: Fiscal Federalism (equalization transfers from the federal government of Canada to the provinces)**

Everything except the subsection on “the theory of intergovernmental grants”. This subsection leads to the figures 8.2, 8.3, 8.4 in the fifth edition. Ignore these figures.

## **Chapter 6: Income Distribution (including the welfare state and philosophical theories of redistribution)**

The whole chapter except the subsection on “asymmetric information”. We shall discuss asymmetric information and redistribution based pages 55 to 59 of my article titled “Self-selection, optimal income taxation, and redistribution” which appeared in the *Journal of Economic Education*, Vol 40, Winter 2009: 55-67. I shall post the article at courselink at the appropriate time.

**The economics of public debt management:** When is public debt sustainable? Should we use the debt-GDP ratio in debt sustainability analysis? Can we live without fiscal deficits? Debt defaults, haircuts, and debt restructuring.

## **The Economics and Politics of Too-Big-to-Fail**

## **Chapter 4: Public Goods**

The whole chapter

## **Chapter 9: Health Care**

The whole chapter.

## Chapter 11: Public Pensions

**Note:** Time permitting, we shall cover additional topics.

### Course Assessment

		<b>Associated Learning Outcomes</b>	<b>Date/ location</b>
<b>Assignment 1:</b>	<i>10%</i>	Same as in course learning outcomes.	<b>Due on</b> Thursday February 13
<b>Midterm:</b>	<i>30%</i>	Same as in course learning outcomes.	Tuesday March 4 <b>Venue:</b> in-class <b>Time:</b> 10:30 am to 12:50 pm
<b>Assignment 2:</b>	<i>10%</i>	Same as in course learning outcomes.	<b>Due on</b> Tuesday March 25
<b>Final</b>	<i>50%</i>	Same as in course learning outcomes.	Check University Calendar

### Teaching and Learning Practices

**Lectures** The main method of in-class teaching will be lectures. It is imperative you have a complete set of notes. They will not be available on Courselink. **The lectures are very important.**

### Course Resources

**The textbook is optional:**

[Harvey Rosen](#), [Jean-Francois Wen](#), and [Tracy Snoddon](#), **Public Finance in Canada**. Fifth Canadian Edition, McGraw-Hill Ryerson Ltd.

You may use the fourth edition. A used copy of the fifth edition costs \$31.00 (Amazon).

Since no textbook is perfect or contains all the information on a particular subject, some material that will be covered in class will **not** be in the textbook. This means that we shall spend more time on certain topics than the treatment in in your textbook warrants. **The textbook is optional. You can do well in the course with class notes and any materials that I will provide.**

The course website is on courselink. On this website, you will find all necessary information regarding the course, as well as all announcements made throughout the course and additional online materials.

## Course Policies

Students are required to visit courselink regularly: Announcements will be posted there.

### Communication and Office Hours

I am available for students during my online office hours. You may also email for help outside these hours and I shall endeavor to respond promptly.

I will respond to emails within a reasonable time. **I do not accept or answer emails that do not come from a *uoguelph* account and do not have “Econ 3610” in the subject line. Since this is NOT a distance education course, I expect you to make good use of my office hours and will not respond to long e-mails that require a detailed response especially on technical and mathematical arguments.**

### Assignments, Midterms and Final

Late assignments will NOT be accepted. The final exam will be cumulative.

### Missed Exams and Time Conflicts

**A student who has a time conflict with the final exam should not enroll in the course. If the final exam is missed, the course is not completed.**

If you miss a midterm exam, the weight of the midterm will be shifted to the final.

It is a student's responsibility to inform the instructor of an existing conflict with a midterm exam.

## Course Learning Outcomes

### Learning Objectives

#### Skills:

- a) *Numerical Problem Solving:*

Students will *learn* basic problem-solving techniques using tools acquired in microeconomics. This includes, for example, techniques to *calculate* tax rates, *determine* deadweight losses of government policies, Fiscal Equalization Payments under Canada's Federal system. This will be tested on assignments, the midterm, and final.

b) ***Analytical Problem Solving:***

The course will use algebraic and graphical *analysis to demonstrate and interpret* various economic models of taxation and public expenditure and government policies like Value-Added Taxes. This will be tested on assignments, the midterm, and final.

c) ***Problem Solving in a Real-World Context:***

Students will *apply* the principles learned in this course to critically *examine* economic policies like Ontario Harmonized Sales Tax. This will be tested on assignments, the midterm, and final.

d) ***Professional and ethical awareness and conduct:***

There will be no extensions on assignments in order to access *time management* skills.

## **University Policies**

### **Academic Consideration**

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for Academic Consideration: <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

### **Academic Misconduct**

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-amisconduct.shtml>

## **Accessibility**

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact Student Accessibility Services as soon as possible.

For more information, contact SAS at 519-824-4120 ext. 56208 or email [sas@uoguelph.ca](mailto:sas@uoguelph.ca) or see the website: <https://wellness.uoguelph.ca/accessibility/>

## **Course Evaluation Information**

Please refer to the [Blue by Explorance system](#).

## **Recording of Materials**

Presentations which are made in relation to course work—including lectures—cannot be recorded or copied without the permission of the presenter, whether the instructor, a classmate or guest lecturer. Material recorded with permission is restricted to use for that course unless further permission is granted.

## **Drop date**

The last date to drop one-semester courses, without academic penalty, is **Friday April 4, 2025**. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://calendar.uoguelph.ca/graduate-calendar/general-regulations/>