This half-year course presents a survey of public economics. In this course we will use economic theory to examine the role of government in situations where market outcomes yield a socially undesirable level or distribution of goods. We will study market failure, how to assess social welfare, the use of taxation, spending and legislation as means of intervention, and government incentives.

**Prerequisites:** Economics 2220A/B, 2221A/B, 2260A/B, 2261A/B.

**Course objectives:**

- Students will understand various rationales and effects of government intervention in the economy, and the inherent limitations in assessing and implementing optimal social outcomes.

- Students will understand the assumptions and predictions of basic market models, describe circumstances under which certain assumptions may not hold, and discuss the ensuing policy implications.

- Students will be able to critique economic modelling and policy choices, and to engage in and analyse arguments within debates on public economic issues.


Course Outline:

Section I: Efficiency and Government
  Introduction
  Equilibrium and Efficiency in an Exchange Economy
  Theory of Government
  Equity

Section II: Market Failure
  Public Goods
  Externalities
  Imperfect Competition
  Asymmetric Information

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. Additional topics which may be drawn from include:

Section III: Selected Policy and Accountability Issues:
  Voting
  Rent Seeking
  Poverty
  Taxation
  Tax Evasion
  Multi-Level Government

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:

The course grade will be based on two midterm exams, a final exam, and class participation (including attendance, contribution to classroom environment, and involvement in class discussion).

  Participation: 15%
  Midterm I: 20%
Midterm II: 25%
Final Exam: 40%

The midterm exams will take place during class time on October 17 and November 14. The final examination will be on a date set by the Registrar during the final examination period (December 10-21).
Cell phones will not be permitted in examinations. Non-programmable calculators are admissible.

**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.