

**Dalhousie University  
Halifax, NS  
Department of Economics  
Economics 3345 – 01  
Public Finance II**

**Course Outline**

**Professor:** Dozie Okoye  
**Office:** Economics C24  
**E-mail address:** [cokoye@dal.ca](mailto:cokoye@dal.ca)  
**Office Hours:** M/W 14:30-16:30 (Or by appointment)

**Session:** Winter 2019  
**Class Room:** McCain 2170  
**Class Time:** M/W 8:35–9:55  
**Course Website:** [Brightspace](#)

**TA:** Min Hu  
**E-mail address:** [MinHu@dal.ca](mailto:MinHu@dal.ca)  
**Office Hours:** TBA

**Course Description**

The primary objective of the course is to introduce advanced undergraduate students to the economics of taxation in theory and practice. It is one of two courses in the Public Finance sequence. The first is Economics 3344 which focuses on government expenditure. In this course, we examine how the government raises revenue through taxation, and the related issues of incidence, incentive, efficiency, and income distribution. The course covers the theory of taxation and its application to the Canadian tax system.

**Course Requirements**

The prerequisites for this course are intermediate microeconomics and macroeconomics, Econ 2200 or 2210 and 2201, or equivalents with grades of at least C. Knowledge of basic algebra is also required.

**Course Objectives**

Ultimately, by the end of the semester, the student should understand the economic rationale behind the design of modern tax systems. These include income, consumption, property, and corporate, taxes. The student should also understand how Canadian tax systems reflect the economics of taxation and other sociopolitical considerations.

**The required textbook for the course is:**

*Public Finance in Canada: Fifth Edition*, by Harvey S. Rosen, Jean-Francois Wen and Tracy Snoddon (2016). McGraw-Hill, Toronto. May also use newer and older editions. Textbook is needed as a reference for materials discussed in class.

I will also maintain a [Brightspace](#) site that will be used to post assignments, additional course materials as well as any details/announcements pertinent to the course.

**Assessment**

Your grade will be determined by the following:

Midterm:	30% (TBA, Before March 1)
Article Review:	30% (Due April 4)
Final exam:	40%

**Article Review:** The article review is to be submitted by the end of class on **April 4**. Font size is 12, and 1.5 spacing should be used. **Minimum** length is 2,000 words (about 5 pages). Late submissions lose 4 percentage points (out of 30) for every day after the end of class on April 4.

The article reviewed must be on a topic in taxation and must be from one of the following academic journals in Economics:

- American Economic Review
- Canadian Journal of Economics
- Canadian Public Policy
- Canadian Tax Journal
- International Tax and Public Finance
- Journal of Political Economy
- Journal of Public Economics
- National Tax Journal
- Public Finance Review
- Quarterly Journal of Economics

No later than **February 14**, each student must send an email to [MinHu@dal.ca](mailto:MinHu@dal.ca) to seek approval for the choice of article, with a brief (one paragraph) summary of the article you have chosen. Each student must review a unique article. **YOU GET A GRADE OF ZERO FOR THE ARTICLE REVIEW AS A WHOLE IF THE T.A. DOES NOT RECEIVE AND APPROVE YOUR BRIEF SUMMARY.** Do make sure your summary is original, because plagiarism will not be tolerated. The summary is worth 5 points of the total 30 points allocated to the article review.

In your actual review, the summary of the article should not be more than 250 words. In addition to the summary, the remainder of your review should address the following points:

1. What is the main research question addressed in the article?
2. Why is this research question interesting from the viewpoint of Economics?
3. How does the article try to answer the research question?
4. Does the article answer the research question effectively?
5. Suggest an improvement to how the question is answered.

**Midterm Test and Final Exam:** There will be 1 midterm exam, worth 30% of your grade. The midterm will take about 90 minutes to complete, and will cover materials discussed in the preceding weeks. The final exam is cumulative, and will take place during the final exam period on a date set by the registrar. The exams cover materials discussed in class and assigned textbook chapters.

### **Letter Grades**

Numerical grades will be converted to letter grades following the Faculty of Science Scale as follows:

A+ (90-100)	B+ (77-79)	C+ (65-69)	D (50-54)
A (85-89)	B (73-76)	C (60-64)	F (<50)
A- (80-84)	B- (70-72)	C- (55-59)	

Numerical grades will be rounded up from 0.5 within the intervals between letter grades.

## **Missed Exam and Plagiarism Policy**

There are no makeup midterm exams. If a student misses the midterm for a valid reason, as defined in Section 16.8 of the University Calendar, then the weight of the midterm will be added to the final exam. So the final exam will count as 70% of the final grade if a student misses the midterm exam.

If a student misses the final exam for a valid reason, the student will have the opportunity to write a makeup exam, scheduled after the end of the official exam period. Travel arrangements must not be made that will conflict with the final examination period, April 10-26.

Note that the plagiarism checker Urkund will be used to check your work for plagiarism. Ensure that all works submitted are yours and in your own words, with ideas properly referenced.

## **Attendance**

All students are expected to attend class. Material covered in class may serve as the basis for exam questions, even if it is not covered in the text, nor on the class notes on BBLearn. Class notes *may* be posted on [BBLearn](#), but are not intended to be comprehensive.

**Cell Phones/iPods** are to be turned off before class.

## **Topics Covered**

Below is a list of topics to be covered with corresponding readings assigned from the textbook:

- **Weeks 1 & 2, Introduction and Key Principles: Chapters 1-3**

1. Revenues and expenditures of governments
2. Fundamentals of welfare economics
3. Justifying taxes and spending in economics

- **Week 3, Tax Incidence: Chapter 14**

1. Income distribution
2. Partial and general equilibrium tax incidence analysis
3. Closed vs. open economics
4. Static vs. dynamic analysis

- **Weeks 4 & 5, Efficiency and Equity: Chapter 15 & 16**

1. Excess burden of taxation
2. Theory of the second best
3. Optimal tax theory
4. Production efficiency theorem
5. Corlett-Hague proposition

- **Weeks 6 & 7, Direct Taxes: Chapters 17 & 18**

1. Personal income tax in Canada
2. Incentive effects on labour supply and saving
3. Income tax vs. consumption tax

- **Week 8, Sales & Excise Taxes: Chapter 19**

1. Federal taxes: GST, excise taxes and duties
2. Provincial sales and excise taxes

- **Week 9, Wealth & Property Taxes: Chapter 20**

1. Annual wealth tax
2. Property tax
3. Estate and gifts taxes

- **Weeks 10 & 11, Corporate Taxation: Chapter 21**

1. Structure of corporate income taxes in Canada
2. Relationship between corporate and personal income taxes
3. Treatment of dividends and capital gains
4. Treatment of depreciation, interest payments
5. Incidence and excess burden

This is a tentative outline and adjustments may take place as the course progresses. Any changes to the assigned readings will be announced in class, as well as in the lecture notes. All students are responsible for keeping abreast of any changes at all times.

**Intellectual Honesty:** Any exam, assignment, or paper submitted by a student at Dalhousie University may be checked for originality to confirm that the student has not plagiarized from other sources. Plagiarism is considered a serious academic offence which may lead to loss of credit, suspension or expulsion from the University, or even the revocation of a degree. It is essential that there be correct attribution of authorities from which facts and opinions have been derived. At Dalhousie there are University Regulations which deal with plagiarism and, prior to submitting any material in a course, students should read the Policy on Intellectual Honesty contained in the Calendar:

[https://www.dal.ca/dept/university\\_secretariat/academic-integrity.html](https://www.dal.ca/dept/university_secretariat/academic-integrity.html)

The professor must bring any suspicion of intellectual dishonesty (e.g., plagiarism in any form) to the attention of the Academic Integrity Officer of the Faculty of Science for investigation. Students are not allowed to copy assignments. Plagiarized assignments will receive a grade of zero.

### University Policies and Statements

**This course is governed by the academic rules and regulations set forth in the University Calendar and by Senate**

#### **Academic Integrity**

At Dalhousie University, we are guided in all of our work by the values of academic integrity: honesty, trust, fairness, responsibility and respect (The Center for Academic Integrity, Duke University, 1999). As a student, you are required to demonstrate these values in all of the work you do. The University provides policies and procedures that every member of the university community is required to follow to ensure academic integrity.

**Information:** [https://www.dal.ca/dept/university\\_secretariat/academic-integrity.html](https://www.dal.ca/dept/university_secretariat/academic-integrity.html)

#### **Accessibility**

The Advising and Access Services Centre is Dalhousie's centre of expertise for student accessibility and accommodation. The advising team works with students who request accommodation as a result of a disability, religious obligation, or any barrier related to any other characteristic protected under Human Rights legislation (Canada and Nova Scotia).

**Information:** [https://www.dal.ca/campus\\_life/academic-support/accessibility.html](https://www.dal.ca/campus_life/academic-support/accessibility.html)

#### **Student Code of Conduct**

Everyone at Dalhousie is expected to treat others with dignity and respect. The Code of Student Conduct allows Dalhousie to take disciplinary action if students don't follow this community expectation. When appropriate, violations of the code can be resolved in a reasonable and informal manner—perhaps through a restorative justice process. If an informal resolution can't be reached, or would be inappropriate, procedures exist for formal dispute resolution.

**Code:** [https://www.dal.ca/dept/university\\_secretariat/policies/student-life/code-of-student-conduct.html](https://www.dal.ca/dept/university_secretariat/policies/student-life/code-of-student-conduct.html)

#### **Diversity and Inclusion – Culture of Respect**

Every person at Dalhousie has a right to be respected and safe. We believe inclusiveness is fundamental to education. We stand for equality. Dalhousie is strengthened in our diversity. We are a respectful and inclusive community. We are committed to being a place where everyone feels welcome and supported, which is why our Strategic Direction prioritizes fostering a culture of diversity and inclusiveness

**Statement:** <http://www.dal.ca/cultureofrespect.html>

#### **Recognition of Mi'kmaq Territory**

Dalhousie University would like to acknowledge that the University is on Traditional Mi'kmaq Territory. The Elders in Residence program provides students with access to First Nations elders for guidance, counsel and support. Visit or e-mail the Indigenous Student Centre (1321 Edward St) ([elders@dal.ca](mailto:elders@dal.ca)).

**Information:** [https://www.dal.ca/campus\\_life/communities/indigenous.html](https://www.dal.ca/campus_life/communities/indigenous.html)

**Important Dates** in the Academic Year (including add/drop dates)

[https://www.dal.ca/academics/important\\_dates.html](https://www.dal.ca/academics/important_dates.html)

#### **University Grading Practices**

[https://www.dal.ca/dept/university\\_secretariat/policies/academic/grading-practices-policy.html](https://www.dal.ca/dept/university_secretariat/policies/academic/grading-practices-policy.html)

## **Student Resources and Support**

### **Advising**

**General Advising** [https://www.dal.ca/campus\\_life/academic-support/advising.html](https://www.dal.ca/campus_life/academic-support/advising.html)

**Science Program Advisors:** <https://www.dal.ca/faculty/science/current-students/academic-advising.html>

**Indigenous Student Centre:** [https://www.dal.ca/campus\\_life/communities/indigenous.html](https://www.dal.ca/campus_life/communities/indigenous.html)

**Black Advising Centre:** [https://www.dal.ca/campus\\_life/communities/black-student-advising.html](https://www.dal.ca/campus_life/communities/black-student-advising.html)

**International Centre:** [https://www.dal.ca/campus\\_life/international-centre/current-students.html](https://www.dal.ca/campus_life/international-centre/current-students.html)

### **Academic supports**

**Library:** <https://libraries.dal.ca/>

**Writing Centre:** [https://www.dal.ca/campus\\_life/academic-support/writing-and-study-skills.html](https://www.dal.ca/campus_life/academic-support/writing-and-study-skills.html)

**Studying for Success:** [https://www.dal.ca/campus\\_life/academic-support/study-skills-and-tutoring.html](https://www.dal.ca/campus_life/academic-support/study-skills-and-tutoring.html)

**Copyright Office:** <https://libraries.dal.ca/services/copyright-office.html>

**Fair Dealing Guidelines** <https://libraries.dal.ca/services/copyright-office/fair-dealing.html>

### **Other supports and services**

**Student Health & Wellness Centre:** [https://www.dal.ca/campus\\_life/health-and-wellness/services-support/student-health-and-wellness.html](https://www.dal.ca/campus_life/health-and-wellness/services-support/student-health-and-wellness.html)

**Student Advocacy:** <https://dsu.ca/dsas>

**Ombudsperson:** [https://www.dal.ca/campus\\_life/safety-respect/student-rights-and-responsibilities/where-to-get-help/ombudsperson.html](https://www.dal.ca/campus_life/safety-respect/student-rights-and-responsibilities/where-to-get-help/ombudsperson.html)

### **Safety**

#### **Research Lab Safety**

[https://www.dal.ca/content/dam/dalhousie/pdf/dept/safety/lab\\_policy\\_manual\\_2007.pdf](https://www.dal.ca/content/dam/dalhousie/pdf/dept/safety/lab_policy_manual_2007.pdf)

**Biosafety:** <https://www.dal.ca/dept/safety/programs-services/biosafety.html>

**Chemical Safety:** <https://www.dal.ca/dept/safety/programs-services/chemical-safety.html>

**Radiation Safety:** <https://www.dal.ca/dept/safety/programs-services/radiation-safety.html>

**Scent-Free Program:** <https://www.dal.ca/dept/safety/programs-services/occupational-safety/scent-free.html>

**Department of Economics Statement on Academic Integrity:** <https://www.dal.ca/content/>