PUBLIC FINANCE: EXPENDITURE
ECONOMICS 3328A-001
Department of Economics
Western University

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Office Hours:
W: 3:30 - 4:30
F: 2:30 - 3:30
or by appointment

Class Times:
M: 2:30-4:30
W: 2:30-3:30
CHB 9

Undergraduate Enquiries:
Course website: https://owl.uwo.ca/portal

Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at https://studentservices.uwo.ca/secure/index.cfm. If you notice a problem, please contact your faculty academic counsellor right away.

Prerequisite Note

The prerequisite for this course is Economics 2261A/B.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure spaces become available for students who require the course in question for graduation.
Course Objectives

This course deals with government expenditure, public goods, externalities and economic models of government behaviour. The main objectives are to study the role of government in a predominantly free-enterprise democracy such as Canada, and to apply tools of economic analysis to issues relating to government decision making. Theoretical analysis, relying mainly on general equilibrium theory and microeconomics, will be emphasized, but some Canadian policy issues and institutions also will be discussed.

Learning Outcomes

a. Students will be able to identify and explain economic concepts and theories related to basic welfare economics and the role of government.

b. By combining theoretical knowledge with information about the structure of institutions at various levels of government in Canada, students will develop a good understanding of the working of a political and fiscal federation.

c. Students will be able to evaluate the welfare implications of several economic activities and also analyze policies such as income redistribution, the social safety net, transfers in kind, and provision of public goods.

Text:


A useful source of empirical information is:

Canadian Tax Foundation, The National Finances (various years), Toronto.

Evaluation:

Your grade will be based on a mid-term (weight 40 per cent) and a final examination (weight 60 per cent).

Mid-term exam: Monday, October 27, 2014 2:30 – 4:30 p.m.
Final exam: To be scheduled by the Registrar

Both exams will consist of multiple choice and short essay questions. You will be responsible for all the material covered in class and the accompanying readings. The final exam will be cumulative.

Make-ups are NOT routinely offered. If, and only if, a student is MEDICALLY INCAPACITATED, an alternative evaluation will be arranged with sufficient documentation.
Helpful Hints:

1. This course will rely heavily on tools of microeconomics (note the pre-requisite). Therefore, please review the relevant material from your intermediate microeconomics course during the first two or three weeks. You may also consult Internet Ch. 1: Microeconomics Background for the Study of Public Finance at www.mcgrawhill.ca/college/rosen

2. The classes will focus on the main themes and the more challenging parts of each chapter. Please browse through the assigned readings before each class.

3. Students are expected to attend lectures regularly. Good note-taking skills will be important for success in the class. The lectures will be in ‘chalk and talk’ format, and lecture notes or class summaries will not be posted anywhere.

4. It is your responsibility to keep yourself informed about the course: deadlines, assignments, readings and the dates for all exams. All of this information can be found on the course website. For other matters, you are welcome to communicate with me via email.

Course Outline:

I. Introduction

Text, Ch. 1

II. The Theory of Resource Allocation

Text, Ch. 2

• Economics with Pure Exchange, and with Production
• The Fundamental Theorem of Welfare Economics
• Consumer and Producer Surplus

III. Market Failure: An Overview

Text, Ch. 3

IV. Public Goods

Text, Ch. 4
V. Externalities

Text, Ch. 5

VI. Income Redistribution

Text, Ch. 6

VII. Public Choice

Text, Ch. 7

VIII. Fiscal Federalism

Text, Ch. 8

I’ll be glad to suggest additional readings on these and other topics.

**Statement on Mental Health:**
If you or someone you know is experiencing distress, there are several resources here at Western to assist you. Please visit [http://www.uwo.ca/uwocom/mentalhealth/](http://www.uwo.ca/uwocom/mentalhealth/) for more information on these resources and on mental health.
Please Note
Department Policies for 2014 – 2015

Remember that the University expects all students to take responsibility for their own academic Programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at [http://westerncalendar.uwo.ca](http://westerncalendar.uwo.ca).


3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.

4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offense (see Scholastic Offence Policy in the current UWO Academic Calendar at [http://westerncalendar.uwo.ca/2014/pg113.html](http://westerncalendar.uwo.ca/2014/pg113.html)).

   The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.

6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar ([http://westerncalendar.uwo.ca/2014/pg112.html](http://westerncalendar.uwo.ca/2014/pg112.html)). Please note the relevant deadlines.

   The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at [http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals](http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals).
7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is not grounds for an appeal.

8. Note the following add and drop deadlines:

   Last day to **add** a full course or First term half course:  
   **Friday, September 12**\(^{th}\), 2014

   Last day to **drop** second term half course without academic penalty:  
   **Wednesday, November 5**\(^{th}\), 2014

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

   **Policy Regarding Makeup Tests and Final Examinations**

   *Academic Accommodation will **not** be granted automatically on request. You **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

   If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

   If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

   Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your home Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

   For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If
you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counselor. If your documentation is judged sufficient, the academic counselor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor as soon as possible to make arrangements. Even if approved from your home faculty Academic Counselor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your home Faculty Counsellor, your instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Undergraduate Director and that the form is returned to the Academic Counseling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

**Policies Regarding Academic Accommodation**

Information about the Faculty of Social Science’s policies regarding academic accommodation is found on its website at http://counselling.ssc.uwo.ca/procedures/havingproblems.asp or in Social Science Room 2105. Your “Academic Rights and Responsibilities” are also outlined in the current UWO Calendar at http://westerncalendar.uwo.ca/2014/pg111.html. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated procedures.

**Policy Regarding Class Attendance**

If your instructor views your class attendance as unsatisfactory, you can be prohibited from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

**Statement on Mental Health and Support Services**

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit http://www.uwo.ca/uwocom/mentalhealth/ for more information and a complete list of resources, as well as how to obtain help.