

School of Government and School of Economics and Finance

PUBL 410/ ECON 410
PUBLIC ECONOMICS (HONS) A

Trimester One 2008

COURSE OUTLINE

Contact Details

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Class Times and Room Numbers

Friday: 9.30 am – 11.30 am.
Pipitea Campus: RWW 127 (Railway West Wing)

Final Examination: 2-25 June 2008

Course Objectives

The course is concerned with the interface between efficiency and equity, with particular emphasis given to the interactions between the tax and benefit systems. The methodological framework initially used is that of optimal taxation, while public finance is required for the detailed operation of the tax system. In the analysis of optimal taxation, efficiency and equity are seen as a trade-off.

The optimal structure of taxation depends upon the definition of economic efficiency, society's evaluation of vertical equity, the efficiency effects of taxation and the distribution of income. However, none of these parameters can be easily specified, and the course investigates the considerable debate in the economics literature on each parameter. The optimal structure of personal income tax, and reliance on personal income or consumption as the tax base, depend on judgments concerning the value of these parameters. The optimal

structure also changes if the objectives alter – for instance, having poverty relief as the only distributional objective, rather than reducing income inequality.

Each of the foundations of optimal tax is examined. While optimal tax only considers the static analysis of income distribution, the dynamic analysis of income distribution and poverty must also be considered in the development of economic policy on income redistribution.

Optimal tax does not take account of the institutional details of the operation of the tax system. One approach has been to look at optimal tax systems, adjusting the efficiency objectives for administration and compliance costs. The other approach has been to revert to the less precise Public Finance approach to taxation, where horizontal equity (or comprehensive income) is the prime objective.

Course Content

	<i>Optimal Taxation</i>	FRIDAY
1.	Public Finance versus Optimal Taxation	February 29
2.	Tax: Revision and Efficiency Costs of Tax	March 7
3.	Optimal Tax I	March 14
4.	EASTER: GOOD FRIDAY (no lecture)	March 21
5.	Optimal Tax II	March 28
6.	Optimal Tax and Non-Welfarist Objectives	April 4
	<i>Public Finance</i>	
7.	The Tax – Benefit Interface and Assistance to Families with Dependent Children	April 11
	Mid Trimester Break	April 14 - 27
8.	Tax Modelling (Dr. Patrick Nolan, NZIER)	May 2
	<i>Parameters of Optimal Taxation</i>	
9.	Labour Supply Incentives	May 9
10.	Equity and Distributive Justice	May 16
11.	Income Inequality	May 23
12.	Poverty and Poverty Dynamics	May 30

Expected Workload

The course is one-quarter of a normal Honours workload. Students will be expected to attend each two-hour seminar/lecture and do, on average, a further 10 hours of work per week, covering reading, seminar preparation and essay preparation and writing.

Group Work

There is no assessed group work in this course.

Readings

There is no set text. A handbook of readings will be available from the Students' Note Shop at the commencement of the course. A detailed reading guide will be provided at the start of the course.

Materials and Equipment

Apart from the handbook of readings, there will be no additional costs for this course. Computers and calculators will not be required for the examination, and will not be permitted in the examination room.

Assessment Requirements

Each student's final grade for the course will be based on the following:

Essay 1, due Monday April 14	20%	Length 2500 words
Essay 2, due Monday May 19	20%	Length 2500 words
Final Exam, June (2 hours)	<u>60%</u>	[closed book, no calculators etc required]
TOTAL	100%	

In addition, each student will be expected to make a 15 minute presentation, probably based on a course reading. While the presentation will not be marked, it is part of the mandatory (terms) course requirements, and the quality of the presentation may help in borderline grade result determination.

Essay topics will be given in the first lecture.

Penalties

Penalties will be incurred for last submission of work, or for work submitted that is excessively long. Late assignments will have their mark reduced by 0.5 of a mark for each day it is overdue unless there is a very good reason why it was late. Assignments will not be accepted that are over a week late. Assignments excessively exceeding the word limit will have at least 3 marks deducted.

Mandatory Course Requirements

To fulfil the mandatory paper requirements for this paper you must:

1. Give an adequate seminar presentation.
2. Submit all assignments by the due date.

Students who fail to satisfy the mandatory requirements of work for this paper, other than the requirement to obtain a C grade or better overall, will receive a K Grade.

Communication of Additional Information

Additional information will be provided through Blackboard, e-mail to all students, or written information provided in class.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) - FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) - FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building on the ground floor (EA005). This counter is the first point of contact for:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours call the Student and Academic Services Office on (04) 463 5376.

Notice of Turnitin Use

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <<http://www.turnitin.com>>. Turnitin is an on-line plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting misreferencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. *At the discretion of the School, handwritten work may be copy typed by the School and subject to checking by Turnitin.* You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied; see the Victoria University Calendar or go to www.victoria.ac.nz/home/about/policy/default.aspx

For information on the following topics, go to the Faculty's website www.victoria.ac.nz/fca under Important Information for Students:

- Academic Grievances
- Academic Integrity and Plagiarism
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14 Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or phone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or phone (04) 463 5842.