Introduction: This course is an introduction to a variety of topics in the theory of taxation. We will consider the effect of taxation on behavior in a number of contexts, as well as studying the normative topic of optimal taxation. Special attention is paid to the joint issues of equity and efficiency, and the role of taxation as a device for redistribution. We will also look at a sampling of other topics such as tax evasion and in-kind transfers.

Lecture Time and Place: Wednesdays, 8:35-11:25pm, Southam Hall, Room 315. We will take a break at half-time.

Course Texts: The following ‘required’ text is available at the campus bookstore (you may also want to check websites such as Amazon.ca for availability):


There is also a solutions manual available which gives detailed answers to text problems, which is optional. The text concerns Public Economics generally (as opposed to just taxation), and would be useful to have if you are planning to take more courses in this field. It is not particularly technical, compared to some other books.

There are several other books on course reserve at the library which cover similar areas and can be used as complementary texts:


Also on reserve is the Handbook Series in Public Economics:


Remember also that some topics in this course will build on material you may have covered as an undergraduate student. Don’t hesitate to go back to your undergraduate text to get a better understanding of the issues. A good one (that you may have used already) is

Evaluation: There are three grade-requirements for this course:

- Midterm test 25%
- Assignments (2) 25% (12.5% each)
- Final exam 50%

The test will take place during the regular class time. It is tentatively scheduled for October 27, 2010. The final examination will be scheduled by the University. Students who do not write the test for legitimate reasons may have the midterm weight transferred to the final, at the discretion of the Instructor. Failure to write the final examination will result in a grade of ABS. To write a deferred exam students must contact the Registrar’s Office.

Note on the Assignments: Students are permitted (even expected) to work and study together, but should write up their work on their own and in their own words unless otherwise specified.

For information on instructional offences, please see section 14 of the graduate calendar.

Standing in this course is determined by the instructor subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean.

Accommodations: You may need special arrangements to meet your academic obligations during the term. (See http://www.carleton.ca/equity/accommodation/student_guide.htm for more information). For an accommodation request the processes are as follows:

Pregnancy obligation: write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

Religious obligation: write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist.

Students with disabilities requiring academic accommodations in this course should contact a coordinator at the Paul Menton Centre for Students with Disabilities (PMC) to complete the necessary letters of accommodation. After registering with the PMC, make an appointment to meet and discuss your needs with me at least two weeks prior to the midterm test. Those students missing this deadline will not be provided with accommodations for the midterm.

Course Outline and Readings: You are normally responsible for the material we cover in class, as well as for some readings that I will specifically mention. The list is a reference guide for the topics we will discuss. Many of these items are on course reserve at the Carleton Library. Many of the articles are also available in electronic form through the library. If you have trouble getting any of the reading material listed here, please contact me for help.

- Methodological Issues and Overview:
  - Hindricks and Myles, Chapters 1, 3, 4.
• Results from Welfare Economics:
  – Hindricks and Myles, Chapter 2, 12.
  – Cullis and Jones, Chapter 1

• Tax Incidence and the Welfare Costs of Taxation
  – Hindricks and Myles, Chapter 14.2 and 8.4-8.6.
  – Cullis and Jones, Sections 7.2-7.4, 7.7
  – Boadway and Wildasin, Sections 12.1-12.4 and 12.8

• Commodity Taxation
  – Hindricks and Myles, Chapter 14
  – Atkinson and Stiglitz, Lecture 12

• Optimal Income Taxation, Redistribution and Labour Response to Taxation
  – Hindricks and Myles, Chapter 15
  – Atkinson and Stiglitz, Lectures 2, 13, 14
  – Cullis and Jones, Chapter 15
  – Boadway and Wildasin, Chapters 9, 10

• Tax Evasion
  – Hindricks and Myles, Chapter 16
  – Cullis and Jones, Chapter 8

• Dynamic Issues: Savings and Time Consistency
  – Hindricks and Myles, Chapter 20.
  – Atkinson and Stiglitz, Lecture 3.

• In Kind Transfers
