

**LINGNAN UNIVERSITY
DEPARTMENT OF ECONOMICS**

Course Title:	Economics of Taxation and Transfer
Course Code:	ECO 205
Recommended Study Year:	First and Second
No. of Credit/Term:	4
Mode of Tuition:	Lecture-Tutorial
Class Contact Hours:	3 hours per week
Category in Major Prog.	Stream required/elective
Discipline:	Economics
Prerequisites:	None
Corequisites:	None
Exclusion:	None
Exemption Requirement:	Public Finance

Instructor:

Dr Thomas Voon
(email: jvoon@ln.edu.hk)

Brief Course Description:

This course introduces students to the economics of public policy and taxation. Students will explore the meaning and the limitations of economic efficiency as a criterion for public policy. They will also study how governments raise revenues, how taxes affect the economy, and how the budget balance may be affected by business cycles, monetary policy, and politics.

Aims:

To equip the students with knowledge of (a) the nature of market failures and the tools that the government may use to deal with such failures, (b) collective decision making and its limitations, and (c) the efficient tools used by governments to derive tax revenues.

Learning Outcome:

Upon completion of the course, students

1. Will be able to understand public finance and apply the concepts taught in class.
2. Will be able to analyze market failure and explore ways to circumvent different types of market failure in order to achieve economic efficiency and equity.
3. Will be able to apply the theories introduced in the lectures to the analysis of real world microeconomic phenomena.

Indicative Content:

Topic 1 Government, Public Policy and Public Sector Economics

Rosen Chap 1, Stiglitz Chap 16

Topic 2 Tools of Positive and Normative Analysis

Rosen chap 2 and 3.

Topic 3 Public Goods

Rosen Chap 4, Stiglitz Chap 6

Topic 4 Externalities

Rosen Chap 5, Stiglitz Chap 4 and 9

Topic 5 Income Redistribution

Rosen Chap 12, Stiglitz Chap 5

Topic 6 Expenditure Programs for the Poor

Rosen Chap 13, Stiglitz Chap 10

Topic 7 Social Security

Rosen Chap 11

Topic 8 Health Care and Education

Rosen Chap 9 and 10; Rosen Chap 7; Stiglitz Chap 16

Topic 9 Taxation and Income Distribution

Rosen Chap 14, Stiglitz Chap 17

Topic 10 Taxation and Efficiency

Rosen Chap 15; Stiglitz Chap 19

Topic 11 Efficiency and Equitable Taxation

Rosen 16; Stiglitz Chap 19

Topic 12 Personal Taxation

Rosen Chap 17-18

Topic 13 Corporate Taxation

Rosen Chap 19

Teaching Method:

Lectures, tutorials, case studies, assignments and exams

Measurements of Learning Outcomes:

Performance in assignments, tests, tutorial participation and exams.

Assessment:

Tutorial participation	10%
Mid-semester examination	20%
Final examination	70%

Required Reading:

Rosen, Harvey S. and Ted Gayer, *Public Finance*, 8th (International) Edition, McGraw-Hill Irwin, 2008.

Recommended Reading:

Stiglitz, Joseph, E. *Economics of the Public Sector*, Third edition, New York, W. W. Norton, 2000.