

Economics of Taxation

Dr. Tomer Blumkin

July 2013

Syllabus

Overview

The course examines the tax-and-transfer system from a normative perspective, focusing on efficiency and equity (social justice) considerations. Subject to time constraints, we will attempt to cover the following topics:

- 1) Tax incidence in competitive and imperfectly competitive markets.
- 2) Measurement of the excess burden (DWL) of the tax system.

- 3) Optimal commodity taxation (Ramsey Rule) in competitive and imperfectly competitive markets.
- 4) Optimal labor income taxation (Linear and Non-linear systems).
- 5) Social insurance systems (UI benefits as a test-case).
- 6) Universal versus Selective Welfare programs (Workfare as a test case).

Requirements:

Final (open book/open questions) exam (80 percent)

Homework assignments (4*5=20 percent)

Readings:

- (1) Intermediate Public Economics, Jean Hindricks and Gareth Myles, MIT Press, 2006 (Main Textbook)
- (2) The Economics of Taxation, Bernard Salanie, MIT Press, 2003
- (3) Selected articles (referred to in class)

Office Hours

After Tue class by appointment (tomerblu@exchange.bgu.ac.il)

Good Luck!!!!