

Lecture	Topic	Key concepts	Required readings
1	Government in a market economy	Pareto efficiency First welfare theorem Edgeworth box Market failure Second welfare theorem	
2	Welfare economics	Utility possibilities frontier Pareto principle Social welfare function	
3	Excess burden	Consumer surplus Equivalent variation Excess burden Harberger triangle	
4	Efficient tax systems	Marginal cost of public funds Elasticity of taxable income Difference-in-difference estimation	Feldstein, 1995
5	Advanced topics on excess burden	Excess burden with multiple taxes Sin taxes	
6	Optimal taxation	Ramsey rule Inverse-elasticity rule Corlett-Hague rule Production efficiency rule	
7	Principles of income taxation	Measuring tax progressivity Flat-rate income tax Equity-efficiency tradeoff Optimal progressive tax	Saez and Veall, 2005
8	Personal income taxation in Canada	Comprehensive income Realization basis Horizontal equity Unit of taxation	
9	Tax incidence	Forward and backward shifting Statutory and economic incidence Taxation and monopoly Harberger model	
10	Taxation of savings and consumption	Life-cycle model Taxation of retirement saving Value added taxation Expenditure taxation	
11	Long-run fiscal policy	Present-value budget constraint Long-run fiscal gap Ricardian equivalence	Kotlikoff, 2006
12	Public goods: Efficiency	Pure and impure public good Samuelson conditions	Samuelson, 1954

		Lindahl pricing	
13	Private provision of public goods	Free-rider problem Crowd-out hypothesis	
14	Preference revelation	Incentive compatibility Clarke taxes	
15	Public choice	Condorcet paradox Median voter equilibrium Representative democracy Borda count Alternative vote Arrow's impossibility theorem	Mueller, 2003
16	Externalities	Marginal external cost Pigouvian tax	Parry and Small, 2005
17	Policy responses to externalities	Coase theorem Command-and-control regulation Tradable permits Prices vs. quantities	
18	Traffic congestion	Common-property resource Latent demand Pigou-Downs-Knight paradox Braess paradox	Arnott and Small, 1994
19	Public-sector pricing	Excludable public good Natural monopoly Average cost pricing Two-part pricing Second-degree price discrimination Cross-subsidization Peak-load pricing	
20	Fiscal federalism	Tiebout hypothesis Equalization transfers Fiscally-induced migration	