This course surveys the economics of multi-level government finance from a theoretical and empirical perspective. The learning outcome of this course is to impart the basic theory and practice of fiscal federalism with emphasis on the workings of the Canadian federation.

**GRADING**

Tests - 2X25% (Test #1 February 4th; Test Number 2, March 11th), Final Exam - 50% (Take home final exam).

**Topics and Readings**

**1. Introduction to Federalism**

*Recommended*


*Supplemental*


2. Rationale for Federalism: Functions in a Federation

Recommended


Supplemental


3. The Tiebout Model

Recommended


Supplemental


4. Tiebout: Empirical Evidence

Recommended


Supplemental


5. Tiebout Model: Additional Evidence

Recommended


Supplemental


6. Extensions and Critique of the Tiebout Model

Recommended


Supplemental


7. The Division of Powers

Recommended


Supplemental

British North America Act, 1867 & Constitution Act, 1982


8. The Canadian Federation Over Time: Empirical Evidence

Recommended


**Supplemental**


9. **Centralization and Decentralization**

**Recommended**


Supplemental


10. Public goods in a Federal System

Recommended


Supplemental


11. Taxation in a Federal System


12. Rationale for Intergovernmental Transfers

Recommended


Scott, A. (1950) "A Note on Grants in Federal Countries" Economica, 17, 416-422.

Supplemental


13. Overview of Transfers and Equalization in Canada

Recommended


Supplemental


**14. Evolution of Grants and Transfers in Canada: 1867-Present**


**15: Theory of Grants and Transfers**


16. Secession, Federalism and the Break-up of Nations


