

Making sense of government: taxes, spending and regulation

We all pay tax. We all use public services. We are all subject to regulation. The government plays a critical role in shaping the economy and the choices we make as businesses, individuals and households. This module will ensure you understand what governments do, why they do it and how they do it.

The module will focus on:

- the role of government
- taxes – types, impacts, marginal tax rates, credits
- spending – welfare, investment, subsidies, debt and deficits
- regulation – targets, independent regulators
- fiscal policy – its role in stabilisation, distribution and intergenerational smoothing

At the end of this module you will:

- understand the rationale for government intervention
- understand UK fiscal rules and regulatory frameworks
- be able to consider choices between different types of government intervention
- understand alternative models of funding public services, e.g. tax-based, contribution-based, private finance and PPPs.

You will understand and be able to use frequently used terms:

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|----------------------------------|------------------|-------------------------|
| • regressive vs. progressive tax | • market failure | • externalities |
| • hypothecation | • Budget | • automatic stabilisers |
| • marginal tax rates | • social welfare | • cyclical adjustment |
| | • public goods | |

This module provides a comprehensive overview of how economists think about the role of government, drawing on the latest insights on fiscal, tax and regulatory policy. This module links well with making sense of cost-benefit analysis and making sense of money and central banks.

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