

Consequences of Taxes: The Whiskey Rebellion

Due in NetTutor via the link in Blackboard (learn.wsu.edu) Friday, October 9, by 11:59 pm (PST)

Events and circumstances surrounding the whiskey rebellion are described in the video produced by Historical Spotlight <http://www.youtube.com/watch?v=hX9gKS7uMZY>

Module 14 presents the economic analysis of excise taxes and discuss various issues surrounding excise taxes. Two issues discussed are the incidence of taxes, i.e. who really bears the cost of taxes, and principles of tax fairness including the benefits principle.

1. From the historic information presented in the video, discuss whether you believe that the excise tax placed on whiskey to pay for the national debt incurred during the U.S. Revolutionary War can be justified by the benefits principle or if some other explanation seems more appropriate. *In addressing this question, be sure to define what is meant by the benefits principle.*
2. Based on the economics of tax incidence, discuss how the intensity of protest over imposition of the excise tax on whiskey to pay for the national debt incurred during the U.S. Revolutionary War may be related to the supply and demand elasticities of whiskey during the late 1700's. *Assume that the demand for whiskey was elastic during the late 1700's and that the supply of whiskey produced in the frontier regions of the country was inelastic during this time period.*

Grading Rubric

Please include your name, instructor's name (**Prof. Navelski**), course and section number (**EconS 101**) and writing assignment (**Assignment 2**) on the top of your assignment.

Your essay will be assessed as either 'Meets expectations' or 'Needs improvement' on each of the criteria in the table below. If your essay needs improvement, you will be given feedback from NetTutor to help you revise it. **You have one week from the time you receive your feedback to revise and re-submit the essay to NetTutor for another try** — but you only get one second chance. You'll need to accumulate three acceptable writing assignments to fulfill the writing portion of the course requirements.

Criteria	Meets Expectations	Needs Improvement
Writing	<p>Ideas are well-organized.</p> <p>Transition sentences effectively connect one idea to the next.</p> <p>The essay is free of typos and grammatical errors.</p> <p>Sources are properly cited and referenced.</p>	<p>The writing is difficult to follow and/ or poorly organized.</p> <p>Transition sentences are absent or ineffective.</p> <p>Typos and/ or grammatical errors distract the reader.</p> <p>Source material citations/references needed, or are missing/ incorrect.</p>
Economic analysis	Explanation of the benefit principle is correct and discussion of how it applies to the historic facts is correct. A reasonable alternative explanation for the tax is presented.	Explanation of the benefit principle is incorrect or interpreted incorrectly as it applies to the historic facts. Lack of a reasonable alternative explanation for the tax.
	Explanation of how demand elasticity and supply elasticity are related to excise tax incidence and how this affects who actually paid the tax is clearly explained and interpreted.	Explanation of how demand elasticity and supply elasticity are related to excise tax incidence and how this affects who actually paid the tax is insufficiently explained or unclear.