



## Department of Economics Course Outline

<b>Course:</b>	Economics 349 [Economics of Social Problems]	<b>Term:</b>	Winter 2013
<b>Time:</b>	TR 12:30 – 13:45	<b>Section:</b>	01
<b>Instructor:</b>	Ana Ferrer	<b>Place:</b>	ST 132 (subject to change)
<b>Office:</b>	SS422	<b>Telephone:</b>	403 220 5602
<b>Office Hours:</b>	TBA	<b>E-mail:</b>	<a href="mailto:aferrer@ucalgary.ca">aferrer@ucalgary.ca</a>

### Textbook(s):

There is no book that covers social problems from an economics perspective. The basic material will be covered in class. A variety of reading material will be posted in blackboard to enhance your understanding of the topic. In addition, the following books will be useful when dealing with the more technical sections of the course. These are not mandatory text books:

- Helmar Drost and Richard Hird. *An Introduction to the Canadian Labor Market*, 2nd Edition. (Thomson and Nelson)
- D. Benjamin, M. Gunderson, and C. Riddell. *Labor Market Economics*. McGraw Hill (any edition is fine. You won't need the latest one, although all references to this book in the outline below will refer to the 6th edition)

Although we will not follow their methodology, the following book provides a sociological overview of the topics we will cover through the course for those interested:

- Teeperman, Curtis & Kwan, *Social Problems. A Canadian Perspective*, Oxford

### Additional Readings:

These are books you may want to consult if you want to go deeper into a particular issue of your interest. Additional articles are provided in the detailed course outline (posted in blackboard).

- Schiller, *Economics of Poverty and Discrimination*, Prentice Hall
- Miller, Benjamin and North, *The Economics of Public Issues*, Norton.
- Sharp, et al., *Economics of Social Issues*, Irwin/McGraw Hill, latest edition
- Becker & Becker, *The Economics of Life*, McGraw Hill

- Lowenstein & Elster, *Choice over Time*, Sage.
- Aaron, *Behavioral Dimension of Retirement Economics*, Russell Sage, 2000
- Elster, *Addiction: Entries & Exits*, Russell Sage
- Blau et al, *Economics of Women, Men & Work*, Prentice Hall
- Hoffman and Averett, *Women and the Economy*, Pearson Addison Wesley
- Frank, *Economics & Behavior*, McGraw Hill
- De Soto, *The Other Path*

### **Course Outline:**

This course will use the tools of economic analysis to contribute to our knowledge of various social problems in developed economies. Using the economic model of the rational agent, we will explore how individuals behave in a social context. We will study how and when these actions may lead to social problems such as income inequality and poverty, discrimination, crime, and institutional instability. We will also evaluate the policies that are commonly proposed to deal with these problems. There will be some emphasis on the workings of labour markets as it relates to most of these issues.

Class participation is an important part of your learning experience. You should be prepared to read the assigned material in advance in order to contribute to in-class questions and debates. You are also expected to participate on blackboard forums. Most of the questions that will come up in class or the forums have no clear cut response. Therefore, the point of the discussion is not to find the “right” answer but to be able to provide economic arguments to support your own view.

What you should expect to learn from this course is to identify the many sides of socio-economic problems using economic models, and to be aware of the pros and cons of the policy instruments that we use to solve them.

The following is a list of the topics we will be discussing. You have the first two weeks of the course to propose additional topics of your interest.

#### **1. Understanding Poverty and Inequality in developed countries**

*Social Problems. A Canadian Perspective.* (Chapter 1) **and** Class notes.

- *Introduction: Recent Facts about Poverty and Inequality.*
- *How to measure Inequality and Poverty.*

#### **2. A Neoclassical Economic Model for the Determination of Income**

*Social Problems. A Canadian Perspective.* (Chapters 5, 8 and 9) **and** Class notes

*Labor Market Economics* (Chapter 2, 3, 5, 12)

- *The Determination of Income: A Model of Labour Markets.* This section develops a model of the leisure-work choice of individuals. It will provide a conceptual framework to analyze the determination of wages and employment.

- *The Effects of Income Maintenance Schemes.* We will use this conceptual framework to review the effect on employment of government interventions that influence either income or wages, like welfare payments, unemployment insurance or wage subsidies
- *Wage Differentials: Education, Unions, Minimum Wages and Discrimination.* We will further analyze different sources of wage differentials.

### **3. Multiculturalism (tentative)**

Class notes **and** *Labor Market Economics* (Chapter 11)

- *First Nations.*
- *Immigration*

### **4. Crime and Punishment (tentative)**

*Social Problems. A Canadian Perspective. (Chapters 2 and 3)* **and** class notes

- *The Effects of Legalizing Criminal Activities.* The rational choice model will help us to understand the economic determinants of crime and the deterrent effects of punishments.
- *The Underground Economy.* We will discuss the difficulties of analyzing the underground economy, starting with finding a proper definition.

### **5. Environment (tentative)**

Class notes and blackboard readings: “*Canadian Economists’ Proposal to CO2 Emission Reduction*” and “*The Economics of Cap and Emission Trading*”

- *The Economics of Pollution.* We use the concepts of externality and free-riding to analyze why there is too much pollution and why it is difficult to control pollution.
- *The Economics of Environmental Control Policies.* We consider the economic advantages and disadvantages of carbon taxes, cap and emission trading policies and straight regulation to control environmental pollution.

### **6. Insurance, Health Care and Pensions (tentative)**

Class notes

- *Intertemporal Choice.* Briefly review the intertemporal choice model to understand savings decisions of individuals. Learn about Moral Hazard and Adverse Selection problems. Examine the challenges of providing public insurance in developed and developing economies.
- *The Canadian Health System*

### **7. Poverty and Development**

Class notes and blackboard readings

- *The Link between Development and Growth.* This section analyzes channels through which inequality and poverty affect socioeconomic performance.
- *Developing Markets and Institutions for the Poor.* Understanding the links between development and growth stresses the point that the institutions that we are used to may not

be appropriate to help marginal groups or developing countries to prosper. We review alternative institutions that may.

### Grade Determination and Final Examination Details:

Homework Assignments (2@ 10% each)	20%
Midterm	30%
Class Participation	20%
Final Examination	30%

Homework assignments are due at the beginning of the lecture on the due date. **Late assignments will not be accepted.** You are welcome to work in small groups (2 or 3 students) on the assignments and a group assignment is to be handed in. All students in the group will receive the same mark for that assignment.

**Class participation is required.** Required class participation will take the form of participation in forums and/or in-class quizzes. There is no make-up for in-class quizzes. These will make up 20% of your mark.

In addition, the class format will introduce opportunities for students to participate in class. This type of in-class participation may be used by the instructor to increase (never to decrease) your grade at her discretion.

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	97-100	B	80-84	C-	62-66
A	94-96	B-	76-79	D+	57-61
A-	90-93	C+	73-75	D	50-56
B+	85-89	C	67-72	F	0-49

A passing grade on any particular component of the course is not required for a student to pass the course as a whole. Non-programmable calculators **WILL** be allowed during the writing of tests or final examinations, but cell-phones are **strictly forbidden** during the writing of examinations.

**No deferred midterms will be given.** In case of **documented** illness or family emergency, the extra weight will be shifted to the final examination. The instructor should be *notified in advance whenever possible* if a student will be unable to write a midterm. In any case, documentation must be provided as soon as possible (within a day or so of the missed midterm).

There will be a Registrar scheduled final examination, lasting 2 hours.

Tests and exams **WILL NOT** involve multiple choice questions.

**Notes:**

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within fifteen days* of the work being returned to the class.
- It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.

## Students' Union Vice-President Academic:

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## Society of Undergraduates in Economics (S.U.E.):

[www.ucalgary.ca/sue](http://www.ucalgary.ca/sue)

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. Join now by contacting [sue@ucalgary.ca](mailto:sue@ucalgary.ca).

*Faculty of Arts Program Advising and Student Information Resources*

- Have a question, but not sure where to start? The new Faculty of Arts Program Information Centre (PIC) is your information resource for everything in Arts! Drop in at SS110, call us at 403-220-3580 or email us at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns.
- For program planning and advice, contact the Student Success Centre (formerly the Undergraduate programs Office) at (403) 220-5881 or visit them in their new space on the 3<sup>rd</sup> Floor of the Taylor Family Digital Library.

- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at (403) 210-ROCK [7625] or visit them at the MacKimmie Library Block.

Safewalk / Campus Security: 220-5333  
Emergency Assembly Location – Professional Faculties Food Court

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