



## Department of Economics Course Outline

		<b>Term:</b>	Fall 2011
<b>Course:</b>	Economics 401 [Public Sector Economics: Expenditures]	<b>Section:</b>	01
<b>Time:</b>	TR 11:00 – 12:15	<b>Place:</b>	ICT 116
<b>Instructor:</b>	Dr. Jean-François Wen		
<b>Office:</b>	SS 418	<b>Telephone:</b>	220-2478
<b>Office Hours:</b>	TR 15:30 – 17:00 (or by appointment); subject to change	<b>E-mail:</b>	<a href="mailto:wen@ucalgary.ca">wen@ucalgary.ca</a>
<b>Web Page:</b>	A Blackboard web page will be set up for the course.		

### Course Description:

Economics 401 focuses on the expenditure side of public finance (Economics 403 deals with the taxation side). The course examines the main government expenditure programs in Canada: health care, education, employment insurance, public pensions, and welfare programs for the poor. We will also consider the current economic crisis and questions of government debt and political economy. Coverage of each topic will consist of a presentation of institutional facts and a development of the economic theory required for understanding the economic purposes of the government programs. The course will follow a fairly pragmatic, policy oriented approach. Class discussions are encouraged. Check Blackboard for the postings of some of the readings.

### Textbook(s):

H. Rosen, J.-F. Wen, T. Snoddon, B. Dahlby and R. Smith, *Public Finance in Canada*, McGraw-Hill Ryerson, 2008, 3<sup>rd</sup> Canadian Edition.

### Books On Reserve:

A copy of the textbook is on Reserve.

**Topics and Readings for EC401 Fall 2011**

- 1. Public Debt and the Economic Crisis**
  - a. Orr (2009) "The Most Remarkable Economic Statistics of 2009", Dale Orr Economic Insight at <http://www.economicinsight.ca>
  - b. Taylor (2011) "The 2009 Stimulus Package: Two Years Later", Testimony before the Committee on Oversight and Government Reform Subcommittee on Regulatory Affairs, February 16, 2011.
  - c. Kaplan et al. (2009) "The History and Economics of Stock Market Crashes", chapter in *Insights into the Global Financial Crisis*.
  - d. Internet Chapter 3 (Deficit Financing)
  - e. Martin (1996) "The Canadian Experience Reducing Budget Deficits and Debt", *Federal Reserve Bank of Kansas City Economic Review*, First Quarter.
  - f. Freedman (2010) "Will it Hurt? Macroeconomic Effects of Fiscal Consolidation" Chapter 3 in *World Economic Outlook: Recovery, Risk, and Rebalancing*, IMF
- 2. Political Economy and the Growth of Government**
  - a. Chapter 8 (Public Choice)
  - b. Kneebone (1994) "Deficits and Debt in Canada: Some Lessons from Recent History", *Canadian Public Policy* 20(2)
- 3. Welfare Theorems and Program Evaluation**
  - a. Chapter 2 (Background reading on welfare analysis)
  - b. Chapter 7 (Cost-Benefit Analysis)
- 4. Public Goods and the Privatization Debate**
  - a. Chapter 4 (Public Goods)
  - b. Ewert (2007) "Water, Public Hygiene and Fire Control in Medieval Towns: Facing Collective Goods Problems while Ensuring the Quality of Life", *Historical Social Research* 32(4).
  - c. Boardman, Laurin, Moore, and Vining (2009) "A Cost-Benefit Analysis of the Privatization of CNR", *Canadian Public Policy* 35(1)
- 5. Social Insurance and Health Care**
  - a. Chapter 13 (Health Care)
  - b. Fooks and Lewis (2002) "Romanow and Beyond: A Primer on Health Reform Issues in Canada", Canadian Research Policy Networks, Health Network, Discussion Paper H|05
- 6. Automatic Stabilizers and Employment Insurance**
  - a. Chapter 11 (Employment Insurance)
  - b. Bishop and Burleton (2009) "Is Canada's Employment Insurance Program Adequate?" TD Economics Special Report, April 30, [http://www.td.com/economics/special/gb0409\\_EI.pdf](http://www.td.com/economics/special/gb0409_EI.pdf)
- 7. Social Assistance for Lower Income Families**
  - a. Conference Board of Canada (2011) "Hot Topic: Canada Inequality", <http://www.conferenceboard.ca/hcp/hot-topics/canInequality.aspx>.
  - b. Chapter 10 (Social Welfare Programs)
  - c. Kneebone and White (2009) "Fiscal Retrenchment and Social Assistance in Canada", *Canadian Public Policy* 35(1)
- 8. Public Pensions and Intergenerational Accounting**
  - a. Chapter 11 (Public Pensions)
  - b. Barr (1979) "Myths My Grandpa Taught Me", *Three Banks Review* 124
- 9. Public Schools and Universities**
  - a. Chapter 14 (Education)
  - b. Collins and Davies (2005) "Carrots & Sticks: The Effects of Recent Tax and Spending Changes on the Incentive to Attend University", *CD Howe Institute Commentary* No. 220.

**Grade Determination and Final Examination Details:**

1. Three assignments 40%
2. Midterm Exam 30% (Thursday, October 20, in class)
3. Final Exam 30%

A numerical grade will be determined for each item of work and a final numerical grade will be calculated using the above weights.

A letter grade for the course will be assigned according to the following schedule:

A+	90-100	B	73 - 75	C-	60 - 62
A	85 – 90	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	66 – 69	D	50 – 55
B+	76 – 79	C	63 – 65	F	0 - 49

**A passing grade on either the midterm or final exam is required in order to pass the course.**

If, for some reason, the distribution of grades determined using the aforementioned conversion chart appears to be abnormal, the instructor reserves the right to change the grade conversion chart if the instructor feels it is necessary to more fairly represent student achievement.

Calculators will NOT be allowed during the writing of tests or final examinations.

The midterm exam will be held in regular class time at a date to be announced during the first week of classes.

The final exam will be held during the examination period at a time and place to be determined by the Registrar. It will be two hours long, will cover the FULL course, and will be held in a class room.

**Blackboard:**

This course will make use of blackboard – students who are registered in the course can logon at <http://blackboard.ucalgary.ca/webapps/login>. Please note that Blackboard features a class email list that I will use. It is your responsibility to make sure that Blackboard uses the email of your choice. The default is your University of Calgary email address.

**Notes:**

1. Students must comply with the university regulations concerning "Intellectual Honesty", "Examinations", etc., which are published in the University Calendar.
2. Any work not submitted on time will receive a grade of zero. Extensions and exemptions for assignments will not normally be given except in the case of documented illness, family emergency, or religious observance.

3. **THERE WILL BE NO MAKEUP OR DEFERRED MID-TERM EXAM** under any circumstances, nor may the exam be written early. Students unable to write the exam because of *documented* illness, family emergency or religious observance will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.
4. Students seeking reappraisal of term work should discuss the issue with the instructor within fifteen days of the work being returned in class. Unclaimed work will be available from the instructor during office hours.
5. **WARNING:** The lectures, assigned readings, or Internet outlines are complements, not substitutes. You are responsible for material presented in all three forms. I will often take a different approach to presenting a concept than the assigned reading does, and I will often present material in class that is not covered in the readings nor included in the Internet outlines. **MISS LECTURES AT YOUR OWN PERIL.**
6. 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.
7. Campus Security/Safewalk 220-5333.
8. Students' Union Vice-President, Academic  
Ola Mohajer  
Phone: 220-3911  
E-Mail: [suypaca@ucalgary.ca](mailto:suypaca@ucalgary.ca)
9. Students' Union Faculty Representative (Arts)  
Phone: 220-3913 Office: MSC 251  
E-Mail: : [arts1@su.ucalgary.ca](mailto:arts1@su.ucalgary.ca), [arts2@su.ucalgary.ca](mailto:arts2@su.ucalgary.ca), [arts3@su.ucalgary.ca](mailto:arts3@su.ucalgary.ca),  
[arts4@su.ucalgary.ca](mailto:arts4@su.ucalgary.ca)
10. 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.

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Emergency Assembly Location – SS Food Court

JFW/mi  
2011-09-07