

Economics 401(L01) Public Sector Economics: Expenditures

Instructor:	Dr. Jean-François Wen	Lecture Location:	SA 119
Phone:	403-220-2478	Lecture Days/Time:	TR 11:00 – 12:15
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Office Hours:	TR 15:30 – 17:00 (or by appointment)		

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 income inequality and the Occupy Wall Street movement. 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. Some of the material is more technical and requires knowledge of Intermediate Microeconomics theory. Class discussions are encouraged. Check D2L for the postings of some of the readings.

Textbook(s):

H. Rosen, J.-F. Wen, and T. Snoddon, *Public Finance in Canada*, McGraw-Hill Ryerson, 2012, 4th Canadian Edition.

Books On Reserve:

A copy of the textbook is on Reserve.

Topics and Readings for EC401 Fall 2014

Unless indicated otherwise, chapter listings refer to those in the course textbook. Other readings are on reserve or available online or on D2L.

1. Program Evaluation and Efficiency

- a. Boardman, Greenberg, Vining, and Weimer (2011), “Conceptual Foundations of Cost-Benefit Analysis” (Chapter 2 in *Cost-Benefit Analysis: Concepts and Practice* 4th Edition).
- b. Chapter 2 (Fundamentals of Welfare Economics)
- c. Chapter 2: Appendix (Consumer and Producer Surplus)
- d. Internet Chapter 2 (Cost-Benefit Analysis)

2. Income Distribution in Canada

- a. Chapter 6 (Income Redistribution)
- b. Veall (2012) "Top Income Shares in Canada: Recent Trends and Policy Implications", Department of Economics Working Paper, McMaster University, <http://www.economics.mcmaster.ca/documents/department-working-papers/2012-11.pdf>
- c. Osberg (2014) "What's So Bad About More Inequality?" <http://myweb.dal.ca/osberg/classification/conference%20papers/More%20Inequality%20March%205%202014.pdf>
- d. Podur (October 16, 2011) "The Logic of Occupy Wall Street for Canada," Global Research.ca: <http://www.globalresearch.ca/index.php?context=va&aid=27102>
- e. The Conference Board of Canada (2012) "Hot Topic: Canadian Income Inequality: Is Canada Becoming More Unequal?", <http://www.conferenceboard.ca/hcp/hot-topics/caninequality.aspx>
- f. Gonzalez and Wen (2013) "A Theory of Top Income Taxation and Social Insurance", *The Economic Journal*, forthcoming. https://uwaterloo.ca/economics/sites/ca.economics/files/uploads/files/gonzalez-wen_2013.pdf

3. Public Goods and the Privatization Debate

- a. Chapter 4 (Public Goods)
- b. Chapter 5 (Externalities): pages 65-69 only.
- c. Boardman, Laurin, Moore, and Vining (2009) "A Cost-Benefit Analysis of the Privatization of CNR", *Canadian Public Policy* 35(1). <http://www.jstor.org.ezproxy.lib.ucalgary.ca/stable/40213401>

4. Social Insurance and Health Care

- a. Chapter 9 (Health Care)
- b. The Conference Board of Canada (2012) "Hot Topic: Health Spending: Do Countries Get What They Pay for When it Comes to Health Care?", <http://www.conferenceboard.ca/hcp/hot-topics/healthSpending.aspx>
- c. Webster (2012) "Can Canada Reckon with its Health Care Costs?" *The Lancet* 380(9845): 875-876. [http://www.thelancet.com/journals/lancet/article/PIIS0140-6736\(12\)61490-1/fulltext](http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(12)61490-1/fulltext)

5. Automatic Stabilizers and Employment Insurance

- a. Chapter 10 (Employment Insurance)
- b. Osberg (2010) "Canada's Declining Social Safety Net: EI Reform and the 2009 Budget". In In Beach, Dahlby, and Hobson (2010) *The 2009 Federal Budget: Challenge, Response and Restrospect*: 249-272. <http://jdi-legacy.econ.queensu.ca/Files/Conferences/Budget2009conferencepapers/Lars%20Osberg%20paper.pdf>

6. Public Schools and Universities

- a. Chapter 13 (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.

<http://www.cdhowe.org/carrots-sticks-the-effect-of-recent-spending-and-tax-changes-on-the-incentive-to-attend-university/9635>

7. Public Pensions and Intergenerational Accounting

- a. Chapter 11 (Public Pensions)

8. Political Economy and the Growth of Government

- a. Chapter 7 (Public Choice)

Grade Determination and Final Examination Details:

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| 1. Three assignments: | 30% | (10% each) |
| 2. Two in-class Midterm Exams: | 40% | (20% each) |
| | | (scheduled for October 16 and November 13) |
| 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 – 89	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.

Calculators will be allowed during the writing of tests or final examinations.

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.

Desire2Learn:

Desire2Learn: This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail 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
Hana Kadri
Phone : 220-3911
E-Mail : suvpaca@ucalgary.ca

Students' Union Faculty Representative (Arts)
Phone: 220-3913 Office: MSC 251
E-Mail: : arts1@su.ucalgary.ca, arts2@su.ucalgary.ca, arts3@su.ucalgary.ca,
arts4@su.ucalgary.ca
9. Society of Undergraduates in Economics (S.U.E.)
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.

Faculty of Arts Program Advising and Student Information Resources

- Have a question, but not sure where to start? The new Faculty of Arts Student Centre (ASC) 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. 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 3rd 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 – 403 220 5333
Emergency Assembly Location – SS Food Court