

Economics 401(L01) Public Sector Economics: Expenditures

Instructor:	Dr. Jean-François Wen	Lecture Location:	ES 920
Phone:	403 220 2478	Lecture Days/Time:	TR 11:00 – 12:15
Email:	wen@ucalgary.ca	Semester:	Fall 2015
Office:	SS 418		
Office Hours:	MW 16:30 – 17:00 or by appointment		

Web Page: A D2L webpage is set up for the course

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

Book(s) on Reserve:

A copy of the textbook is on Reserve

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> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Course Outline:

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. We will also consider income inequality and redistribution. 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.

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 Blackboard. Additional readings may be added during the course delivery.

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. 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>

3. Income Distribution in Canada

- a. Chapter 6 (Income Redistribution)
- b. Osberg (2014) "What's So Bad About More Inequality?"
<http://myweb.dal.ca/osberg/classification/conference%20papers/More%20Inequality%20March%205%202014.pdf>
- c. 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>
- d. 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
- e. Chapter 12 (Social Welfare Programs) pages 229-238.

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>

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:

1.	Three assignments	30%	10% each
2.	Two in-class Midterm Exams Scheduled for Oct. 13 and Nov. 10	40%	20% each
3.	Final Exam	30%	Registrar-scheduled

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 one of the midterms or the 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.

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 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
Stephan Guscott
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 Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them 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, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>

Safewalk/Campus Security – 403 220 5333
Emergency Assembly Location – ICT Food Court

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