



Department of Economics Course Outline

		Term:	Fall 2005
Course:	Economics 355 [Canadian Public Finance]	Section:	01
Time:	TR 14:00 ? 15:15	Place:	ST 132 (subject to change)
Instructor:	Dr. Jean-François Wen		
Office:	SS 418	Telephone:	220-2478
Office Hours:	MW 13:30 ? 15:00	E-Mail:	wen@ucalgary.ca

Required: John Strick, *The Public Sector in Canada: Programs, Finance and Policy*, Thompson
~~Books & Reserve:~~ Educational Publishing, 1999.

2. *ECON 355 Book of Readings* (available in bookstore)

None.

Course Description:

This course provides a comprehensive overview of the institutions and economic rationale for Canadian government policy relating to public expenditures and taxation. Notions of efficiency and equity are developed and used to discuss policies such as public health insurance, education, social welfare, and progressive income taxation. The course is designed to follow the chapters in the textbook, but my lectures are intended to complement this material, rather than repeating it. In addition, there are some other compulsory readings, which will serve as the basis for class discussion and assignments. Current events on public policy will also be used to motivate class discussions.

Topics and Required Readings:

- Introduction

Read Strick, chapter 1.

- Concept of Economic Efficiency

Read Strick, chapter 2.

- a. Pareto Efficiency
- b. Invisible Hand Theorem
- c. Imperfections in Competition
- d. Externalities
- e. Public Goods
- f. Information Failures

- Efficiency Enhancing Programs

Read Strick, chapter 3.

- Health Care
- Education
- National Defense
- Transportation and Communication
- Environmental Protection and Conservation

- Income Redistribution and Income Security

Read Strick, chapter 4.

- Distinction Between Security and Redistribution
- Income Distribution and Poverty
- Welfare, Workfare, and Other Anti-Poverty Program
- Income-Security Programs (Pensions, Insurance)

- Growth of Government

Read Strick, chapter 5

- Factors Influencing Public Sector Growth
- Theories of Government Growth

- Taxation Theory

Read Strick, chapter 8.

- Types of Taxes
- Concept of Deadweight Loss
- Concept of Tax Shifting

- Marginal Tax Rate
- Average Tax Rate
- Corporate Income Tax
- Federal, Provincial, and Local Taxes in Canada

Read Strick, chapter 9

Read Strick, chapter 10

Read Wen, Jean-François (2002) *Eliminating Alberta's Personal Income Tax: (When) Can Heritage Fund Income Replace Tax Revenues?* In Sam Wilson (editor), *Alberta's Volatile Government Revenues: Policies for the Long Run* (Edmonton: Institute for Public Economics).

- Federal and Provincial Income Taxes
- GST and Sales Tax
- Alberta Heritage Fund
- Debt Finance

Read Strick, chapter 12.

- Debts Versus Deficits
- Issues and Concerns About Debt
- Intergenerational Burden of Debt
- Intergovernmental Transfers

Read Strick, chapter 14.

- General Purpose Transfers
- Specific Purpose Transfers
- Constitutional Reform

Read Strick, chapter 15.

- BNA Act
- Meech Lake Accord
- Charlottetown Accord

Grade Determination and Final Examination Details:

Midterm Examination	30%
Five Assignments	30%
Final Examination	40%

The date for the midterm exam is Tuesday, November 8, in class.

There will be five assignments, which will be based partly on the *Book of Readings* and partly on the lectures. Each

assignment is worth 6 percent of your final grade. Your assignment must be typed. Assignments will be made available through Blackboard. Each assignment will be released on a Thursday and be due back on the following Tuesday. For the portion of the assignment based on the Readings, you will be asked to reflect on a fairly general question and to write about one page. I will read some of these "answers" in class and solicit comments from other students. Each assignment will also contain two questions reviewing lecture materials. Assignments receive a grade of zero if they are not handed in at the start of the class on the due date.

You may only miss a midterm if you have a valid medical note indicating illness, or in the case of other extenuating circumstances as judged by the instructor. Otherwise a grade of zero is assigned. In the case of a legitimately missed midterm, there is no make-up test: the value of the final exam will be adjusted.

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+	90-100	B	73-76	C-	60-62
A	85-89	B-	70-72	D+	56-59
A-	80-84	C+	67-69	D	50-55
B+	77-79	C	63-66	F	0-49

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, *at the instructor's discretion*, feels it is necessary to more fairly represent student achievement.

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. There will be a Registrar scheduled final examination, lasting 2 hours and held in the classroom. Tests and exams will involve multiple choice questions.

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Notes:

- Contacting the Instructor: You are asked to observe and respect my office hours. If you wish to meet me outside of these times, please make an appointment with me beforehand. You are welcome to write me via e-mail to ask questions about the course materials. I will respond as soon as I can.

- Make-up tests/exams and deferred tests/exams will not be given. In cases of documented illness, documented family emergency, or documented religious observance, extra weight will be given to the final examination.
- 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.
- Safewalk / Campus Security: 220-5333
- This course will make use of Blackboard ? students who are registered in this course can log in at <http://blackboard.ucalgary.ca/webapps/login> . Please note that Blackboard features a class e-mail list that I will use. It is your responsibility to ensure that Blackboard uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

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2005-08-05