



## Department of Economics Course Outline

		<b>Term:</b>	Fall 2008
<b>Course:</b>	Economics 349 [The Economics of Social Problems]	<b>Section:</b>	01
<b>Time:</b>	MWF 09:00 to 09:50	<b>Place:</b>	ICT 116
<b>Instructor:</b>	Ana M. Ferrer		
<b>Office:</b>	SS 422	<b>Telephone.:</b>	220-5602
<b>Office Hours:</b>	TR 09:00 – 10:00 or by appointment	<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 and 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. They are not mandatory text books:

- Helmar Drost and Richard Hird. *An Introduction to the Canadian Labor Market* 2<sup>nd</sup> Edition. Thomson and Nelson
- D. Benjamin, M. Gunderson, and C. Riddell. *Labor Market Economics*. McGraw Hill (any edition is fine. You wont need the latest one, although references to this book in the outline below will refer to the 6<sup>th</sup> 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, 2001  
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, 1992  
 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  
 Frank, *Economics & Behavior*, McGraw Hill

### **Description:**

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. We will also evaluate the policies that are commonly proposed to deal with these problems. We will cover a variety of topics including income inequality and poverty, discrimination, crime, and health care. There will be some emphasis on the workings of labour markets as it relates to most of these issues. Feel free to propose additional topics of your interest at the beginning of the course.

This is an economics course. Be aware that both, a descriptive knowledge of the topics reviewed and the mastering of the economic techniques to analyze these problems are required to pass this course. **A working knowledge of algebra is assumed.**

**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 have no clear cut response. Therefore, the point of the course is not to find the “right” answer. 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.

### **Course Outline:**

The following is a list of the topics we will be discussing. Please let me know as early as possible if there are any additional topics you would like to see covered.

#### **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

*Social Problems. A Canadian Perspective.* (Chapters 4 and 6) **and** Class notes  
*Labor Market Economics* (Chapter 11)

- *First Nations.*
- *Immigration*

### 4. Crime and Punishment

*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. Insurance, Health Care and Pensions

*Social Problems. A Canadian Perspective.* (Chapters 7 and 10) **and** Class notes

- *Inter-temporal choice.* Briefly review the inter-temporal choice and savings decision of individuals. Examine the advantages, disadvantages and challenges of providing a insurance networks both in developed and developing countries.
- *Canadian Health System.*

### 6. Poverty and Development

Class notes

- *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)	20%	Midterm ( <b>Tentative 23 of October</b> )	30%
Class Participation	15%	Final Examination	35%

The format and dates of these tests and assignments will be discussed during the first week of classes. Each assignment is 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 in Forums is required.** In addition, the class format will introduce opportunities for students to participate in class. This 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, and then converted to letter grades according to the class distribution of grades. The course grade is then calculated using the weights indicated above.

If, for some reason, the distribution of grades determined using standard conversion charts 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.

Programmable calculators are NOT allowed during the writing of tests or final examinations. 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).

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.

There will be a Registrar scheduled **final examination**, lasting 2 hours. The FULL COURSE will be covered.

Tests and exams WILL NOT involve multiple choice questions.

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.

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

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

Safewalk / Campus Security: 220-5333

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