



Department of Economics Course Outline

		Term:	Winter 2009
Course:	Economics 349 [The Economics of Social Problems]	Section:	01
Time:	TR 11:00 to 12:15	Place:	ST 132
Instructor:	Ana M. Ferrer		
Office:	SS 422	Telephone:	220-5602
Office Hours:	TR 10:00 – 11:00 or by appointment	E-mail:	aferrer@ucalgary.ca

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* 2nd Edition. Thomson and Nelson
- D. Benjamin, M. Gunderson, and C. Riddell. *Labor Market Economics*. McGraw Hill (any edition is fine. You won't need the latest one, although references to this book in the outline below will refer to the 6th 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
 Hoffman and Averett, *Wome and the Economy*, Pearson Addison Wesley
 Frank, *Economics & Behavior*, McGraw Hill
 De Soto, *The Other Path*

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.

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 (tentative)

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

- *First Nations.*
- *Immigration*

4. Crime and Punishment (tentative)

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. Environment (tentative)

Class notes and blackboard readings: “*Canadian Economists’ Proposal to CO2 Emission Reduction*” and “*The Economics of Cap and Emission Trading*”

- *The Economics of Pollution.* We use the concepts of externality and free-riding to analyze why there is too much pollution and why it is difficult to control pollution.
- *The Economics of Environmental Control Policies.* We consider the economic advantages and disadvantages of carbon taxes, cap and emission trading policies and straight regulation to control environmental pollution.

6. Insurance, Health Care and Pensions (tentative)

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

- *Intertemporal Choice.* Briefly review the intertemporal choice model to understand savings decisions of individuals. Learn about Moral Hazard and Adverse Selection problems. Examine the challenges of providing public insurance in developed and developing economies.
- *The Canadian Health System*

7. 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	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.

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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