



Department of Economics Course Outline

		Term:	Winter 2004
Course:	Economics 355 [Canadian Public Finance]	Section:	02
Time:	TR 12:30 ? 13:45	Place:	A 140 (subject to change)
Instructor:	Dr. Jean-François Wen		
Office:	SS 418	Telephone:	220-2478
Office Hours:	TR 14:00 ? 16:30	E-Mail:	wen@ucalgary.ca

Textbook(s):

Required:

John Strick, The Public Sector in Canada: Programs, Finance and Policy, Thompson Educational Publishing, 1999.

Book(s) Description: None.

This course provides a comprehensive overview of the institutions and economic rationale for Canadian government policy relating to public expenditures and taxation. The course focuses on factual information about the activities of Canadian governments (federal, provincial, and municipal), while placing the discussions in the context of economic theory. The course is designed to follow the chapters in the textbooks, but my lectures are intended to complement this material, rather than repeating it. You are responsible for both textbook and lecture material. Class discussions are strongly encouraged.

Topics and Required Readings:

- Introduction: The Role of Government

Read Strick, chapter 1.

- Economic Efficiency in Resource Allocation

Read Strick, chapter 2.

- a. Imperfections in Competition
- b. Externalities
- c. Public Goods
- d. Information Failures

- Government Resource Allocation Programs

Read Strick, chapter 3.

- a. Health Care

Read the Jay Makarenko's summary of *The Mazankowski Report* at <http://www.mapleleafweb.com/features/medicare/mazankowski/>.

- b. Education
- c. National Defense
- d. Transportation and Communication
- e. Environmental Protection and Conservation

- Income Redistribution and Security

Read Strick, chapter 4.

- a. Income Distribution and Poverty
- b. Anti-Poverty Programs

Read Boessenkool, Kenneth J. (1997) *Back to Work: Learning from the Alberta Welfare Experiment*, <http://www.cdhowe.org/pdf/Kbkool.pdf>.

Read Battle, Ken and Sherri Torjman (2001) *The Post-Welfare State in Canada: Income Testing and Inclusion*, Caledon Institute of Social Policy, at <http://www.caledoninst.org/PDF/894598814.pdf>.

- c. Income-Security Programs

Read Slater, David W. and William B.P. Robson (1999) *Building a Stronger Pillar: The Changing Shape of the Canada Pension Plan* at <http://cdhowe.org/pdf/rob-10.pdf>.

- Growth and Composition of Public Sector Expenditures

Read Strick, chapter 5

- Alternative Program Delivery Systems

Read Strick, chapter 6.

- Introduction to Taxation

Read Strick, chapter 8.

- The Federal Tax Structure

Read Strick, chapter 9

- Provincial and Local Government Finance

Read Wen, Jean-Francois (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).

Read Strick, chapter 10.

- Debt Finance

Read Strick, chapter 12.

- Intergovernmental Transfers

Read Strick, chapter 14.

- Constitutional Reform

Read Strick, chapter 15.

Midterm Examination 25% **Grade Determination and Final Examination Details:**

Term Paper 25%

Final Examination 50%

The date for the midterm exam is Thursday, February 26, in class.

For the term paper, you are to provide a ten-page (1.5 spacing) critical commentary on a recent federal or provincial budget. You must include a summary of the budget's major elements, and a discussion of its economics content. (Where does the budget "fit" in terms of policy reforms and social or economic objectives? Are there apparent winners and losers, etc.?) The essay is due on the last day of classes.

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 quiz, 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 two weeks of the work being returned to the class.

Safewalk / Campus Security: 220-5333

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