

Economics 401 (L01) (Public Sector Economics: Expenditures)

Instructor:	Stefan Staubli	Lecture Location:	SA 015
Phone:	(403) 220-6180	Lecture Days/Time:	TR 9:30 – 10:45
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Office Hours:	TR 10:45 – 11:45 or by appointment	Winter 2020	

Course Description:

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, etc. We will also consider income inequality and redistribution, including discussions on the rising income share of the top 1 percent. Coverage of the topics will consist of a presentation of institutional facts and a development of the economic theory (public goods, welfare economics) 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.

Course Learning Outcomes:

- (a) Understand and appreciate the history and rationale of the government sector in developed countries with a particular focus on the expenditure side.
- (b) Know and understand under what circumstance the government should intervene in the economy. Examples include: Imperfect competition, adverse selection, behavioral failures, externalities
- (c) Familiarity with the institutions and rules surrounding different social insurance programs in Canada. Examples include: Health care, employment insurance, disability and retirement insurance
- (d) Understand and appreciate key principles, theories and ideas in the economics of social insurance programs including: Adverse selection, moral hazard
- (e) Know and understand the key findings in the empirical literature that studies the behavioural effects of social insurance programs and public education on key outcomes such as labour supply, education, savings, and health.
- (f) Be able to analyse and critique current policy proposals in the areas of education, health care, income inequality, social welfare, public pensions, and unemployment using theoretical and empirical tools developed in class.
- (g) Develop skills necessary to conduct research. This includes (i) learning how to come up with a research question, (ii) finding suitable data for empirical research questions, and (iii) conducting a statistical analysis of the data using the program R.

Course Outline:

Unless indicated otherwise, chapter listings refer to those in the Rosen, Wen, Snoddon, *Public Finance in Canada*. Other readings are on reserve or available online or on D2L. Additional readings will be added during the course delivery.

- 1. Introduction**
- 2. Basic Welfare Economics**
 - a. Chapter 2
- 3. Cost Benefit Analysis and Empirical Tools**
 - a. Chapter 3
- 4. Income Distribution**
 - a. Chapter 6
 - b. Chapter 12
- 5. Social Insurance and Health Care**
 - a. Chapter 9
- 6. Automatic Stabilizers and Employment Insurance**
 - a. Chapter 10
- 7. Public Pensions and Intergenerational Accounting**
 - a. Chapter 11
- 8. Public Schools and Universities**
 - a. Chapter 13
- 9. Fiscal Federalism**
 - a. Chapter 8

Prerequisites/corequisites:

Economics 303 and 357.

Required Textbook(s):

None

Recommended Textbook(s):

H. Rosen, J.-F. Wen, and T. Snoddon, *Public Finance in Canada*, McGraw-Hill Ryerson, 2016, 5th Canadian Edition (earlier editions are fine too)

Books 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.

Grade Determination and Final Examination Details:

THREE ASSIGNMENTS	30%
MIDTERM EXAM (Date: in class, Mar. 5, 9:30-10:45)	25%
FINAL EXAM	<u>45%</u>
	<u>100%</u>

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) is (are) transferred to the final exam. The student must have written the midterm(s) or provided supporting documentation for the absence(s) such as a medical note or statutory declaration.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during the instructor's office hours.

The final examination will be an open-book, take-home exam. The exam will be available on D2L 24 hours before the end of the Registrar's scheduled final exam time. Students will hand in their exam in pdf format on D2L prior to the end of the scheduled completion time of their final exam using DropBox. If a student cannot write their final exam during this interval, they need to apply for a deferred exam at www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the Department.

Tests and exams WILL NOT involve multiple choice questions. Non-programmable calculators WILL be allowed during the writing of tests or final examinations.

Programmable calculators, cellphones, textbooks, course notes, and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic misconduct.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades and Intellectual Honesty:

For Reappraisal of Graded Term Work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For Reappraisal of Final Grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

Statement of Intellectual Honesty, see Calendar K.4

<http://www.ucalgary.ca/pubs/calendar/current/k-4.html>

Plagiarism and Other Academic Misconduct, see Calendar K.5

<http://www.ucalgary.ca/pubs/calendar/current/k-5.html>

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services. SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at <http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf>.

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf> and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:

The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at www.ucalgary.ca/policies/files/policies/acceptable-use-of-material-protected-by-copyright.pdf. Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>.

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information

sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

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.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.
- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

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2019-11-29