

ECON 3B03 – C01: PUBLIC SECTOR ECONOMICS: EXPENDITURES

Winter 2020

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Office : KTH 420

Office Hours: Monday 1: 00 pm -2: 00 pm & Friday 2: 30 pm -3: 30 pm

Lecture: Monday & Wednesday 11:30 am – 12:20 pm, Friday 1:30 pm – 2:20 pm in TSH B105

TA: TBA

TA Email: TBA

TA Office: TBA

TA Office Hours: TBA

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COURSE DESCRIPTION

Governments of industrialized countries are involved in an increasing array of economic activities. In this course, we focus on government expenditure programs. We examine economic rationales for government spending programs, as well as the limitations and incentive effects of spending and transfer programs. The analysis will be carried out first in general terms using economic models, and then in the context of public expenditure programs in Canada.

PREREQUISITES

ECON 2G03, 2Z03 or ECON 2X03 .

COURSE MATERIALS AND TEXTS

- Harvey Rosen, et al., **Public Finance in Canada**, 5th Canadian edition, published by McGraw-Hill Ryerson, 2016.

AVENUE TO LEARN

Course materials (e.g. lecture slides, announcements, etc.) will be posted on the Avenue to Learn website <http://avenue.mcmaster.ca>

The Avenue site is down occasionally. Save the course materials to your computer as soon as they are posted. You are responsible for making yourself aware of any changes made to the course by checking Avenue daily.

Students should be aware that, when they access the electronic components of this course, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course. The available information is dependent on the technology used. Continuation in this course will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

COURSE EVALUATION – OVERVIEW

1. Group Assignment - 5%
2. Group Presentation - 15%
3. Midterm - 30%
4. Final Exam - 50%

COURSE EVALUATION – DETAILS

Group Assignment (5%)

Students will be broken into groups. Group members will be assigned by the instructor. The assignment information and due date will be posted on Avenue.

Group Presentation (15%)

Group presentation will be scheduled at the end of the semester. Detailed schedule will be posted on Avenue. Groups are free to choose presentation topics. However, the presentation topic **must** be related to public economics issues. You should view the presentation as an opportunity to show off your creativity, to hone your research and presentation skills, and to attack a real issue.

Each group needs to submit an outline (**no more than 2 pages, font-size 12, double-spaced**) on the topic of the group presentation on **March 9, 2020 (Monday)** in class. Late submission will not be accepted and 5% of 15 marks will be deducted.

Presentations will last **8 minutes**. The slides must be sent to the instructor at least **24 hours** before your presentation. 5% of 15 marks will be deducted for late submission.

Evaluation will be based on the following criteria. Detailed grading rubrics will be posted on Avenue.

- Informativeness: How much did we learn from your presentation? Did the group cover important and useful public economics theories and issues? Why does it matter?
- Analysis: Was the information valid and accurate? Did you display full grasp of the subject? Did you apply theory or data effectively? Did we gain novel insights into the topic? What policy recommendations did you make?
- Style/delivery/creativity: Was your presentation clear and compelling? Were the slides effective?
- Did the group address questions well? (There will be a Q&A session after the video presentation).

Each group is required to submit a group report form and peer-evaluation form. A student's grade depends on both the group performance and the individual contribution.

You can consult the following journals for potential topic.

Public Finance Journals

- *Journal of Public Economics*
- *Canadian Tax Journal*
- *National Tax Journal*
- *Public Finance*

- *Public Finance Quarterly*
- *International Tax and Public Finance*
- *Journal of Public Economic Theory*
- *Economics of Governance*

General-Interest Economics Journals

- *Canadian Journal of Economics*
- *American Economic Review*
- *Canadian Public Policy*
- *Journal of Economic Perspectives*
- *Journal of Political Economy*
- *Review of Economics and Statistics*
- *Canadian Business Economics*
- *Journal of Economic Literature*

Public Finance Data

- *The National Finances (annually until 1994)*
- *Provincial and Municipal Finances (biannually until 1993)*
- *Finances of the Nation (beginning in 1995)*

Useful Websites:

- *Canadian Tax Foundation* <http://www.ctf.ca>
- *Canadian Centre for Policy Alternatives* <http://www.policyalternatives.ca>
- *The C.D. Howe Institute* <http://www.cdhowe.org>
- *The Fraser Institute* <http://www.fraserinstitute.ca>
- *The Institute for Research on Public Policy* <http://www.irpp.org>
- *Department of Finance* <http://www.fin.gc.ca>
- *Statistics Canada* <http://www.statcan.ca>

Midterm (30%), February 12th, 2020 (Wednesday) during class time

No make-up midterm and **No early writes** are provided. The format for the midterm exam will be multiple-choice questions and short answer questions. Coverage of the midterm will depend on the pace of the class to that point in the term. Midterm marks will be posted on Avenue.

Final Exam (50%)

The final exam will include multiple choice questions and short answer questions. Final exam is cumulative. Only the Registrar's Office can issue final grades. Please visit the following website for details: <http://registrar.mcmaster.ca/exams/requirements/>

Please note: travel plans are NOT a sufficient reason to have a final exam deferred.

The Deferred Exam Policy is listed on the following website at:

<http://registrar.mcmaster.ca/exams/deferred/>

COURSE POLICIES

Grades

Grades will be based on the McMaster University grading scale:

MARK	GRADE
90-100	A+
85-90	A
80-84	A-
77-79	B+
73-76	B
70-72	B-
67-69	C+
63-66	C
60-62	C-
57-59	D+
53-56	D
50-52	D-
0-49	F

Grade Adjustment Techniques

Combination of particular distribution and absolute measures will be used to determine the course grades. The university grading system will be relied on as benchmark.

Absences, Missed Work, Illness (MSAF)

Please note the MSAF regulations have changed beginning Spring/Summer 2015. The timeframe within which the MSAF is valid has been reduced from 5 days to 3 days.

- The upper limit for when an MSAF can be submitted has been reduced from 'less than 30%' to 'less than 25%' of the course weight (i.e., 24% and less)
- The 'one MSAF per term' limit is retained.

<https://socialsciences.mcmaster.ca/current-students/absence-form>

You cannot use the MSAF reporting system for a missed midterm as it is worth 30% toward your final grade. In the event that a student is unable to write the midterm on the scheduled date, a medical certificate should be submitted within 5 days. With valid documentation, the 30% of total course grade from the missed mid-term will be re-assigned to the final examination. In the absence of valid documentation, a grade of zero will be assigned for the missed mid-term exam.

Calculators

Use of Casio FX-991 MS or MS Plus calculator only is allowed.

UNIVERSITY POLICIES

Academic Integrity Statement

You are expected to exhibit honesty and use ethical behavior in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behavior can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations.

Academic Accommodation of Students with Disabilities

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements. Academic accommodations must be arranged before classes or academic work begins, and for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail sas@mcmaster.ca. For further information, consult McMaster University's Policy for [Academic Accommodation of Students with Disabilities](#).

Academic Accommodation for Religious, Indigenous and Spiritual Observances

Students who require academic accommodation due to an Observance must submit a RISO form to their Faculty office, electronically or in person, normally within ten working days from the beginning of each term in which they are anticipating a need for Accommodation. For further information, consult McMaster University's [Policy on Academic Accommodation for Religious, Indigenous and Spiritual Observances](#).

Faculty of Social Sciences E-mail Communication Policy

Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes

aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.

Put “ECON 3B03” in the subject line and include your full name and student ID in the message. Please do **not** use the mail function within Avenue.

Course Modification

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.

COURSE SCHEDULE

Category	Topic	Chapter
Introduction	Introduction to Public Finance in Canada	Ch.1
	Fundamentals of Welfare Economics	Ch. 2
	Cost-Benefit Analysis	Ch. 3
A Framework for Public Expenditure Analysis	Public Goods	Ch. 4
	Externalities	Ch. 5
	Income Redistribution	Ch. 6
Public Expenditures in Canada	Health care	Ch. 9
	Employment Insurance	Ch. 10
	Public Pensions	Ch. 11
	Social Welfare Programs	Ch. 12
	Education	Ch. 13

OTHER NOTES

Electronic Device Policy

Cell phones must be turned off or muted for the duration of the lecture. Laptop/tablet may only be used to view lecture material.

Attendance Policy

Class attendance is an integral part of your educational experience. It is an important factor in ensuring your complete understanding of the material presented. You are responsible for all material presented in the scheduled lecture periods whether you choose to attend lectures or not.

Students Writing with SAS

Students registered with SAS must book time to write the midterm tests with SAS. **You may only write on the same day as the rest of the class.** Tests written on any other day will not be accepted and a grade of zero will be assigned.

Classroom Protocols

The highest level of courtesy and professional behaviour are expected from every student. In particular, be punctual and turn off all audible ringers on all devices during class. As a courtesy to the custodial staff, if you have coffee, water, etc., please dispose of your garbage when you leave the classroom.