

## ▶▶ JSGS 802 – PUBLIC FINANCE

University of Saskatchewan Campus	
<b>Instructor:</b>	M. Rose Olfert
<b>Phone:</b>	(306) 966-4023
<b>E-mail:</b>	rose.olfert@usask.ca
<b>Office Hours:</b>	by appointment
<b>Office Location:</b>	152 Diefenbaker
<b>Term:</b>	Winter 2011 (January 4 - April 4)
<b>Room:</b>	Diefenbaker 137
<b>Date and Time:</b>	Wednesdays 5:30 -8 :20 p.m. (January 4 - April 4)

### CALENDAR DESCRIPTION, COURSE CONTENT AND APPROACH

The purpose of this course is to provide a framework to understand how government revenues are collected and spent in Canada. The rationales for government intervention, the sources of government revenues, the ways in which funds are allocated, and the interactions between different levels of government in fiscal decisions are examined using this framework. The framework is also used to understand current policy debates such as the expansion of the Harmonized Sales Tax, fiscal transfers between federal and provincial governments, and natural resource royalties.

### REQUIRED READINGS

Rosen, H.S., Wen, J.F., Snoddon, T., Dahlby, B., Smith, R.S., *Public Finance in Canada: Third Canadian Edition*. Toronto: McGraw-Hill Ryerson, 2008. ISBN: 978-0-07-095165-5

### COURSE OUTLINE

*Note: More readings may be added to those listed below as the course progresses.*

#### **PART I: INTRODUCTION**

##### **January 4: Session 1 – Setting the stage: Financing and spending in a multilevel political system**

- Rosen et al., Chapters 1, 2, & 3.

#### **PART II: GOVERNMENT REVENUE IN CANADA**

##### **January 11: Session 2 – Overview of government revenue in Canada**

- Boadway, Robin and Kitchen, Harry, *Canadian Tax Policy*, Third Edition. Toronto: Canadian Tax Foundation, 1999. Chapter 1. ([In the reading room](#))

##### **January 18: Session 3 – The theoretical basis of tax analysis: Income distribution, efficiency and equity**

- **Assign A1: Taxation assignment**
- Guest Speaker: Canadian Taxation system, Don Gilchrist, Economics Department.
- Rosen et al. Chapters 15, 16, & 17.

##### **January 25: Session 4 – Income tax, property tax and corporation tax**

- Rosen et al. Chapter 18, 19, 21, 22.
- McKenzie, Kenneth J., "A Race to the Bottom in Provincial Business Taxation in Canada", *Racing to the Bottom? Provincial Interdependence in the Canadian Federation* edited by Kathryn Harrison, Vancouver: UBC Press, 2006. ([Reading room](#))

#### **Feb. 1: Session 5 – Consumption tax (including HST) and royalties**

- Rosen et al., Chapter 20
- Smart, Michael (2007) "Lessons in Harmony: What Experience in the Atlantic Provinces Shows about the Benefits of a Harmonized Sales Tax", C.D. Howe Institute Commentary. [http://www.cdhowe.org/pdf/commentary\\_253.pdf](http://www.cdhowe.org/pdf/commentary_253.pdf)
- Plourde, Andre (2009) "Oil Sands Royalties and Taxes in Alberta: An Assessment of Key Developments since the Mid-1990s", *The Energy Journal* 30(1): 111-140. <http://proquest.umi.com.cyber.usask.ca/pqdlink?index=8&did=1625297881&SrchMode=3&sid=1&Fmt=6&VInst=PROD&VTtype=PQD&RQT=309&VName=PQD&TS=1294435605&clientId=12306&aid=1>
- Shiell, Leslie and Colin Busby (2008) "Resource Revenues and Fiscal Sustainability in Alberta", Department of Economics Working Paper #0807E, University of Ottawa. <http://www.socialsciences.uottawa.ca/eco/eng/documents/0807.pdf>
- Plourde, Andre and Bradford Reid (2002) "Natural Resource Revenues and the Alberta Budget" from *Alberta's Volatile Government Revenues-Policies for the Long Run* edited by L.S. Wilson, The Institute for Public Economics. ([Reading room](#))
- Guest speaker, 5:30-6:30 Feb 1: John Wright, former DM Finance.

#### **Feb. 8: Mid-term review (A1 is due)**

- Guest speaker, 5:30-6:30 Feb. 8: Murray Totland, City manager of Saskatoon, about property tax (tentative).

#### **Feb. 15: Mid-term exam**

### **PART III: PUBLIC EXPENDITURE IN CANADA**

#### **February 29: Session 7 – The theoretical basis of public expenditure: Public goods, externalities, income distribution and fiscal responsibility**

- **Assign A3: Expenditure assignment**
- Rosen et al., Chapter 4, 5, 6
- Guest speaker, 5:30-6:30 Feb. 29 Mike Makwosky, Director of Multimodal Trade and Logistics, on Planning Transportation Infrastructure in the province.

#### **March 7: Session 6 – Public expenditures in Canada: Budget process**

- **Assign A2: Budget assignment**
- Doern, G. Bruce. "Evolving Budgetary Policies and Experiments: 1980 to 2009-2010", p 14-43, in Allan M. Maslove ed., *How Ottawa Spends, 2009-2010: Economic Upheaval and Political Dysfunction*. McGill-Queen's University Press. ([reading room](#))
- The PowerPoint slides of the budgeting workshop by Dan and Jim ([on PAWS](#))
- Online UK budgeting tool: <http://www.guardian.co.uk/politics/interactive/2010/oct/19/comprehensive-spending-review-cuts>
- Guest speaker: 5:30-6:30 on March 7: Eric Cline, former Minister of Finance, about budgeting (tentative)

#### **March 14: Session 8 – Public expenditures: Employment insurance, public pensions, health care and education**

- **The first part of A2 budget assignment is due**
- Rosen et al., Chapter 10, 11, 12, 13, 14
- Courchene, Thomas J. and John R. Allan (2009) "A Short History of EI, and a Look at the Road Ahead", *Policy Options*, <http://www.irpp.org/po/archive/sep09/courchene.pdf>.

- Wolfson, Michael and Kevin Moore (2010) "On the Replacement Adequacy of Canada's Retirement Income System Estimates Using Statistics Canada's Life Paths Microsimulation Model", presented at the 31st General Conference of The International Association for Research in Income and Wealth. <http://www.iiarw.org/papers/2010/7bWolfson.pdf>
- David Laidler (2002) "Renovating the Ivory Tower: An Introductory Essay," In D. Laidler, ed., *Renovating the Ivory Tower: Canadian Universities and the Knowledge Economy*, Toronto: CD Howe. ([In the reading room](#))
- G. Bruce Doern edited, *How Ottawa Spends, 2005-2006: Managing the Minority*. Chapter 2 & 3. McGill-Queen's University Press, e-book, HJ7662 .H69 2005eb, <http://site.ebrary.com/lib/usask/docDetail.action?docID=10176057>.
- Guest speaker, 5:30-6:30: Wynne Young Deputy Minister of Tourism, Parks, Culture and Sport, in the Ministry of Tourism, Parks, Culture and Sport, budgeting for Culture (tentative)

#### **March 21: Session 9 – Public expenditures: Economic development**

- **A3 expenditure assignment is due**
- Government of Canada, *Report of the President of the Treasury Board of Canada*, annual report to parliament, 2009-2010. Chapter 2: Economic Affairs. <http://www.tbs-sct.gc.ca/reports-rapports/cp-rc/2009-2010/cp-rc03-eng.asp#economic>
- Brown, Douglas M. (2006), "Still in the Game: Efforts to Govern Economic Development Competition in Canada" in *Racing to the Bottom? Provincial Interdependence in the Canadian Federation* by Kathryn Harrison, UBC Press ([Reading room](#))
- Guest speaker, 5:30-6:30 Ernest Heapy, Vice-President, Regional Enterprise with Enterprise Saskatchewan (tentative)

#### **PART IV: BRINGING IT ALL TOGETHER**

#### **March 28: Session 10 – Public choice and fiscal federalism**

- Rosen et al., Chapters 8 & 9.
- Tiebout, C. (1956) "A Pure Theory of Local Expenditures", *Journal of Political Economy*, 64, 416-424. <http://www.jstor.org/stable/pdfplus/1826343.pdf?acceptTC=true>
- Boadway, Robin and Ronald L. Watts (2004) "Fiscal Federalism in Canada, The USA, and Germany", IIGR working paper, <http://www.queensu.ca/iigr/working/watts/wattsboadway.pdf>
- Boadway, Robin(2006) "Canada: Emerging Issues in a Decentralized Federation", In Raoul Blindenbacher (edit) *Dialogues on the Practice of Fiscal Federalism: Comparative Perspectives*, McGill-Queen's University Press. <http://site.ebrary.com/lib/usask/docDetail.action?docID=10176038>
- Anwar Shah (2005), A Framework for Evaluating Alternate Institutional Arrangements for Fiscal Equalization Transfers, World Bank Policy Research Working Paper 3785. [http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/12/02/000016406\\_20051202162106/Rendered/PDF/wps3785.pdf](http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/12/02/000016406_20051202162106/Rendered/PDF/wps3785.pdf)
- Guest speaker, 5:30-6:30: Roy Romanow, former premier, about fiscal federalism. (tentative)

#### **April 4: Session 11 – End-of-term review**

## **EVALUATION**

Assignment 1: Taxation (due February 8 at 5:30 p.m.)	15%
Assignment 2: Budget (due at 5:30 p.m. on March 14 and April 4)	20%
2.1 Develop a budget before the actual provincial budget is publicized (10%, due March 14 at 5:30 p.m.)	
2.2 Undertake a comparison and analysis of the actual provincial budget (10%, due April 4 at 5:30 p.m.)	
Assignment 3: Expenditure (due March 21 at 5:30 p.m.)	15%
Mid-term test: In class on February 15	20%
Class participation:	10%
Final exam:	20%
Total	100%

## **LATE ASSIGNMENTS**

Without compelling reasons, late assignments will not be accepted and will result in a mark of zero.

## **STUDENTS WITH SPECIAL NEEDS**

All students who have special needs are encouraged to register with disability services for students (DSS). Access to most services and programs provided by DSS is restricted to students who have registered with the office. Once you have registered, please contact the professor to discuss accommodations.

## **ACADEMIC INTEGRITY AND CONDUCT**

Understanding and following the principles of academic integrity and conduct as laid out in the University of Saskatchewan's Guidelines for Academic Conduct is vital to your success in graduate school (as attached; and available at [http://www.usask.ca/university\\_council/reports/archives/guide\\_conduct.shtml](http://www.usask.ca/university_council/reports/archives/guide_conduct.shtml)). Ensuring that your work is your own and reflects both your own ideas and those of others incorporated in your work is important: ensuring that you acknowledge the ideas, words, and phrases of others that you use is a vital part of the scholarly endeavour. If you have any questions at all about academic integrity in general or about specific issues, contact any faculty member and we can discuss your questions.