

## ▶▶ JSGS 802: Public Finance (Tentative)

	University of Regina Campus	University of Saskatchewan Campus
<b>Instructor:</b>	George Hartner Lihui Zhang	
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<b>Office Hours:</b>	tbd	
<b>Office Location:</b>	110 – 2 Research Dr.	
<b>Term:</b>	Winter 2012	
<b>Room:</b>	Research and Innovation Centre 208	
<b>Date and Time:</b>	9:00am – 11:45am on Jan 7; 9:00am – 3:30pm on Jan 21, Feb 4, Feb 18, Mar 3, Mar 17, and Mar 31	

### 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

Additional required readings are listed below seminar schedules.

### SUPPLEMENTARY READINGS

An introductory microeconomics textbook. For example:

Robert H. Frank, Ben S. Bernanke, Lars Osberg, Melvin L. Cross, and Brian K. MacLean. 2009. *Principles of Microeconomics*, 3/e. McGraw-Hill Higher Education. ISBN: 978-0070965263 (available on library reserve for JSGS 805)

## EVALUATION

Assignments	%
Midterm Exam	%
Project	%
Class Participation	%
Final Exam	%
Total	100%

## LATE ASSIGNMENTS

All assignments must be submitted by the due date. Exceptions can only be made when there are documented medical reasons or extraordinary emergencies, in which cases you are required to notify the instructor before the due date.

## ATTENDANCE AND PARTICIPATION

You are expected to attend every lecture and participate actively by paying attention, asking/answering relevant questions, and sharing your comments, observations, and thoughts on relevant topics. If you are unable to attend a lecture due to documented medical reasons or extraordinary emergencies, please advise the instructor beforehand.

## GRADE DESCRIPTORS

### **85+ excellent**

*A superior performance* with consistent strong evidence of:

- a comprehensive, incisive grasp of the subject matter;
- an ability to make insightful critical evaluation of the material given;
- an exceptional capacity for original, creative and/or logical thinking;
- an excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently; and
- an excellent ability to apply theories to real-world problems and intersect with related disciplines.

### **80-85 very good**

*An excellent performance* with strong evidence of:

- a comprehensive grasp of the subject matter;
- an ability to make sound critical evaluation of the material given;
- a very good capacity for original, creative and/or logical thinking;
- an excellent ability to organize, to analyze, to synthesize, to integrate ideas, and to express thoughts fluently; and
- a strong ability to apply theories to real-world problems and intersect with related disciplines.

### **75-80 good**

*A good performance* with evidence of:

- a substantial knowledge of the subject matter;

- a good understanding of the relevant issues and a good familiarity with the relevant literature and techniques;
- some capacity for original, creative and/or logical thinking;
- a good ability to organize, to analyze, and to examine the subject material in a critical and constructive manner; and
- some ability to apply theories to real-world problems and intersect with related disciplines.

### **70-75 satisfactory**

*A generally satisfactory and intellectually adequate performance with evidence of:*

- an acceptable basic grasp of the subject material;
- a fair understanding of the relevant issues;
- a general familiarity with the relevant literature and techniques;
- an ability to develop solutions to moderately difficult problems related to the subject material; and
- a moderate ability to examine the material in a critical and analytical manner.

### **STUDENTS WITH SPECIAL NEEDS**

Students in the course who, because of a disability, may have a need for accommodations are encouraged to come and discuss accommodations with the instructor, and to contact the Coordinator of Special Needs Services at 585-4631.

### **ACADEMIC INTEGRITY AND CONDUCT**

Understanding and following the principles of academic integrity and conduct as laid out in the University of Regina's Guidelines for Academic Conduct is vital to your success in graduate school (available at [http://www.uregina.ca/gradstudies/calendar/policy\\_univ.shtml#conduct](http://www.uregina.ca/gradstudies/calendar/policy_univ.shtml#conduct)). 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.

### **DESCRIPTION OF SEMINAR PRESENTATION (SCHEDULES SUBJECT TO MINOR CHANGES)**

#### **Session 1 (Jan 7) – Setting the Stage: Financing and Spending in a Multilevel Political System**

##### **READINGS**

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

Ferris, J.S. and S.L. Winer (2007) "Just How Much Bigger Is Government in Canada? A Comparative Analysis of the Size and Structure of the Public Sectors in Canada and the United States, 1929-2004", *Canadian Public Policy* 33(2): 173-206

#### **Session 2 (Jan 21) – The Theoretical Basis of Public Expenditure: Public Goods, Externalities, and Income Distribution**

## READINGS

Rosen et al., Chapter 4, 5, & 6

### **Session 3 (Feb 4) – Public Expenditures: Employment Insurance, Social Assistance, Public Pensions, Health Care, and Education**

#### REQUIRED READINGS

Rosen et al., Chapter 10, 11, 12, 13, &14

Finnie, Ross and Ian Irvine (2011) “The Redistributive Impact of Canada’s Employment Insurance Program, 1992-2002”, *Canadian Public Policy* 37(2): 201-218

Gray, D.M. (2006) “Recent Changes to the Employment Insurance Regime: Encouraging Work On-claim and Off-claim”, *Canadian Public Policy* 32(1): 99-110

Kneebone, R.D. and K.G. White (2009) “Fiscal Retrenchment and Social Assistance in Canada”, *Canadian Public Policy* 35(1): 21-40

Baker, Michael and Kevin Milligan (2010) “The Report of the Expert Panel on Older Workers: How Should Public Pensions Be Improved?”, *Canadian Public Policy* 35(4): 493-498

Denton, F.T. and B.G. Spencer (2011) “Age of Pension Eligibility, Gains in Life Expectancy, and Social Policy”, *Canadian Public Policy* 37(2): 183-199

Bonnar, Stephen (2008) “How Vulnerable Are Private Pensions”, *Canadian Public Policy* 34 Supplement: 21-22

Canadian Institute for Health Information (2011) “Health Care Cost Drivers: The Facts.” (Available online: <http://www.uregina.ca/gsp/marchildon/WRTCfiles/Reading%203%20-%20Marchildon.pdf>)

### **Session 4 (Feb 18) – Midterm Exam (9:00 – 11:00am) & Public Expenditures: Economic Development**

#### REQUIRED READINGS:

Government of Canada, *Report of the President of the Treasury Board of Canada*, annual report to parliament, 2010-2011. Section II: 1. Economic Affairs.

### **Session 5 (Mar 3) – The Theoretical Basis of Tax Analysis: Income distribution, Efficiency, and Equity**

#### READINGS

## **Session 6 (Mar 17) – Income Tax, Property Tax, Corporate Tax, Consumption Tax, and Royalties**

### READINGS

Rosen et al. Chapter 18, 19, 20, 21, 22

Gervais, Martin and Manish Pandey (2008) “Who Cares About Mortgage Interest Deductibility”, *Canadian Public Policy* 34(1): 1- 23

Scarth, William and Lei Tang (2008) “An Evaluation of the Working Income Tax Benefit”, *Canadian Public Policy* 34(1): 25-36

McKenzie, Kenneth J., "A Race to the Bottom in Provincial Business Taxation in Canada" from *Racing to the Bottom? Provincial Interdependence in the Canadian Federation* edited by Kathryn Harrison, Vancouver: UBC Press, 2006.

Blagrave, Patrick (2005) “An Analysis of the Impact of the Harmonized Sales Tax on Provincial Revenues in Atlantic Canada”, *Canadian Public Policy* 31(3): 319-331

Murrell, David and Weiqiu Yu (2000) “The Effect of the Harmonized Sales Tax on Consumer Prices in Atlantic Canada”, *Canadian Public Policy* 26(4): 451-460

Smart, Michae (2007) “Lessons in Harmony: What Experience in the Atlantic Provinces Shows About the Benefits of a Harmonized Sales Tax”, C.D. Howe Institute Commentary No.253 ISSN 0824-8001

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

Shiell, Leslie and Colin Busby (2008) “Resource Revenues and Fiscal Sustainability in Alberta”, Department of Economics Working Paper #0807E, University of Ottawa. ISSN: 0225-3860

## **Session 7 (Mar 31) – Budget Process, Public Choice, and Fiscal Federalism**

### READINGS

Rosen et al., Chapters 8 & 9

Campbell, Bryan and Eric Ghysels (1997) “An Empirical Analysis of the Canadian Budget Process”, *Canadian Journal of Economics* 30(3): 553-576

Boadway, Robin and Ronald Watts (2000) “Fiscal Federalism in Canada”, Institute of Intergovernmental Relations, Queen’s University, Kingston, Ontario

Usher, Dan (2007) “The Reform of Equalization Payments”, *Canadian Public Policy* 33(3): 337-366