

▶▶ JSGS 805 – Economics for Public Policy Analysis (Tentative)

	University of Regina Campus	University of Saskatchewan Campus
Instructor:	George Hartner Lihui Zhang	
Phone:	Please contact us by email.	
E-mail:	Please email us through URCourses.	
Office Hours:	tbd	
Office Location:	110 – 2 Research Drive	
Term:	Winter 2012	
Room:	Luther College 202	
Date and Time:	5:45 – 8:30pm on Mondays	

CALENDAR DESCRIPTION

Examination of concepts in microeconomics and macroeconomics, focusing on issues relevant to the public sector. Intended for students who have had limited exposure to economics. This is a prerequisite for students wishing to take JSGS 820 and 821 but who do not have 300 level macro- and micro-economic classes.

COURSE CONTENT AND APPROACH

The purpose of this course is to provide an economic framework for the analysis of public policy. The course uses microeconomic concepts to examine when and how the government should intervene in the economy. Using the starting point of policy as intervention, the course examines the circumstances under which government involvement is most likely to be desirable. The course then moves to consider the key instruments that government uses in its intervention. In the examination of these two broad issues, the course pays particular attention to how people and firms behave and how they are likely to respond to policy instruments. The course also develops the key concepts associated with cost-benefit analysis and shows how these concepts are used in the analysis of public policy.

REQUIRED READINGS

Mintrom, Michael. 2011. *Contemporary Policy Analysis*. New York: Oxford University Press. ISBN: 9780199730964.

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)

David L. Weimer and Aidan R. Vining. 2010. *Policy Analysis*, 5/e. Longman. ISBN: 978-0-205-78130-0. (available on library reserve)

Diane Coyle. 2007. *The Soulful Science: What Economists Really Do and Why it Matters*. Princeton University Press: Princeton. ISBN: 978-0-691-13623-3 (available on library reserve)

Thomas Mayer. 2009. *Invitation to Economics: Understanding Argument and Policy*. Wiley-Blackwell: Chichester, West Sussex. ISBN: 978-1-4051-8393-2 (available on library reserve)

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). 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)

1. Introduction – Policy as intervention (Jan 9)

Ch.1-3, Mintrom (2011)

Banks, G. 2009. "Markets: how free?" Australian Productivity Commission. (Available Online:

http://www.pc.gov.au/__data/assets/pdf_file/0005/94433/20091130-markets-how-free.pdf)

Nelson, R.R. 2011. "The Complex Economic Organization of Capitalist Economies". *Capitalism and Society* 6(1)

Hollingsworth, R. 2011. "Comments on 'The Complex Economic Organization of Capitalist Economies' (by Richard R. Nelson)". *Capitalism and Society* 6(1)

2. Behavioural relationships – How will people respond to policy intervention? (Jan 16, 23, & 30)

Supply and demand as basic behavioural relationships

Demand – maximum willingness to pay

Supply – minimum willingness to accept

Welfare Measures – consumer and producer surplus

Ch.9, Mintrom (2011)

Fulton, M. 2010. Class Notes. (Available on URCourses)

Relevant Chapters from an Introductory Microeconomics Textbook

3. When should government intervene in the economy? (Feb 6, 13, 27 & Mar 5)

- a. Externalities
- b. Asymmetric information
- c. Limited competition
- d. Public goods
- e. Second best failures
- f. Income distribution and intergenerational transfers

^{a-f} Ch.10, Mintrom (2011)

^a Shiell, L. and S. Loney. 2007. "Global Warming Damages and Canada's Oil Sands". *Canadian Public Policy* 33(3):419-440

^a van Kooten, G.C. 2003. "Smoke and Mirrors: The Kyoto Protocol and Beyond". *Canadian Public Policy* 29(4): 397-415

^b Nobelprize.org. 2001. "Market with Asymmetric Information". (Available Online: http://www.nobelprize.org/nobel_prizes/economics/laureates/2001/ecoadv.pdf)

^c Mazzone, L. and A. Mingardi. 2011. "Innovation, Competition and Antitrust: An Examination of the Intel Case". *Economic Affairs* 31(2): 68-75

^d Green, D.A. and K. Milligan. 2010. "The Importance of the Long Form Census to Canada". *Canadian Public Policy* 36(3): 383-388

^d Veall, M.R. 2010. "2B or Not 2B? What Should Have Happened with the Canadian Long Form Census? What Should Happen Now?" *Canadian Public Policy* 36(3): 395-399

^d Schwindt, R., A.R. Vining, and D. Weimer. 2003. "A Policy Analysis of the BC Simon Fishery". *Canadian Public Policy* 29(1): 73-94

^f Frenette, M., D.A. Green, and K. Milligan. 2009. "Taxes, Transfers, and Canadian Income Inequality".
Canadian Public Policy 35(4): 389-411

4. Government Failures (Mar 12)

Ch.11, Mintrom (2011)

Ch.8, Weimer and Vining (2010)

Helm, D. 2010. "Government Failure, Rent-Seeking and Capture: The Design of Climate Change Policy".

Oxford Review of Economic Policy 26(2): 182-196

Holburn, G., K. Lui, and C. Morand. 2010. "Policy Risk and Private Investment in Ontario's Wind Power Sector".

Canadian Public Policy 36(4): 465-486

5. Instruments of government policy – How should government intervene? (Mar 19)

Taxes

Mintz, J. and N. Olewiler. 2008. *A Simple Approach for Bettering the Environment and the Economy:*

Restructuring the Federal Fuel Excise Tax. Sustainable Prosperity, University of Ottawa: Ottawa

Government Provision of Services

Schmitz, A. and D. Seckler. 1970. "Mechanized Agriculture and Social Welfare: The Case of the Tomato

Harvester". *American Journal of Agricultural Economics* 52(4): 569-577

Subsidies

Dalby, B. 2005. "A Framework for Evaluating Provincial R&D Tax Subsidies." *Canadian Public Policy* 31(1):

45-58

Regulations

Sen, A. and B. Mizzen. 2007. "Estimating the Impact of Seat Belt use on Traffic Fatalities: Empirical

Evidence from Canada." *Canadian Public Policy* 33(3): 315-335

Standards

Rabkin, D. and T. Beatty. 2007. "Does VQA Certification Matter: A Hedonic Analysis." *Canadian Public*

Policy 33(3): 299-314

Giannakas, K., N. Kalaitzandonakes, A. Magnier, and K. Mattas. 2011. "Economic Effects of Purity

Standards in Biotech Labeling Laws". *Journal of Agricultural & Food Industrial Organization* 9(1):

Article 1 (Available at: <http://www.bepress.com/jafio/vol9/iss1/art1>)

** Dr. Giannakas is presenting his research on September 9 from 1:30 to 3:00pm. The location is JSGS Window Room at College Avenue Campus. You are strongly encouraged to attend.

6. Cost-benefit analysis (Mar 26, Apr 2 & 9)

- a. Cost-benefit analysis and opportunity cost
- b. Discounting and NPV (versus IRR)
- c. Discount rates
- d. Accounting for inflation – nominal and real dollars
- e. Cost of taxation
- f. Valuing costs and benefits without market prices
- g. Risk analysis

Ch.13, Mintrom (2011)

Ch. 17, Weimer and Vining (2010)

Treasury Board of Canada Secretariat. 2007. *Canadian Cost-Benefit Analysis Guide: Regulatory Proposals*. Ottawa (Available Online: <http://www.tbs-sct.gc.ca/ri-qr/documents/gl-ld/analys/analys-eng.pdf>)

Jenkins, G., C. Y. Kuo, and A. Ozbaflı. 2009. *Cost-Benefit Analysis Case Study on Regulations to Lower the Level of Sulphur in Gasoline*. Department of Economics, Queen's University (Available Online: http://www.econ.queensu.ca/faculty/kuog/references/D12+Sulphur+Gasoline_09_12_18.pdf)

Boardman, A.E., M.A. Moore, and A.R. Vining. 2010. "The Social Discount Rate for Canada Based on Future Growth in Consumption". *Canadian Public Policy* 36(3): 325-343

Boardman, A.E., C. Laurin, M.A. Moore, and A.R. Vining. 2009. "A Cost-Benefit Analysis of the Privatization of Canadian National Railway". *Canadian Public Policy* 35(1): 59-83

Ferrara, I., S. McComb, and P. Missios. 2007. "Local Willingness-to-Pay Estimates for the Remediation of the Sydney Tar Ponds in Nova Scotia". *Canadian Public Policy* 33(4): 441-458