

# JSGS 802 – Public Finance

UNIVERSITY OF SASKATCHEWAN CAMPUS	
INSTRUCTOR:	Jillian Brown
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TERM:	Winter 2023
ROOM:	DIEF 137 (The Prairie Room)
DATE AND TIME:	Wednesday, 1pm-3:50pm, Jan. 11 – April 5, 2023
OFFICE HOURS:	By appointment

The syllabus for this course is comprised of this document and a companion document titled “JSGS Common Syllabus 2022-23.”

## CALENDAR DESCRIPTION

This course provides a survey of Canadian public finance. Students will examine rationales for government intervention in a market economy, the assessment of public policy, how government decisions are made and the impact of government expenditures and taxation on the economy and the well-being of Canadians, in terms of economic efficiency and interpersonal equity. The course will also examine fiscal policy in a federated system and how fiscal matters affect federal/provincial relations in decision making.

## LEARNING OBJECTIVES

Upon completion of this course, students should be able to:

1. Use a provided framework to explain how government revenues are collected and spent in Canada.
2. Apply this framework to analysis of public finance issues and decisions, including:
  - rationales for government intervention,
  - sources of government revenues,
  - allocation of funds, and
  - interactions between different levels of government.
3. Analyze current policy debates related to public finance in Canada.

## TEXTBOOK

Harvey S. Rosen, Jean-Francois Wen, Tracy Snoddon (RWS, 2016). Public Finance in Canada, 5th Edition. Toronto: McGraw-Hill Ryerson.

Note that students will NOT need electronic access to the McGraw-Hill “Connect” platform (ebook) for any graded components of the course. They are available only as an option for students who wish to access additional interactive ebook and study resources. Purchasing options:

- Connect / ebook version only (note: this is the lowest-cost option, but access to the online book is temporary, i.e., 1 year)
- Connect / ebook version with print edition
- Print version only

## EVALUATION

Component	Due Dates	Percentage
Class Participation		10%
Assignment 1 - Group	Due on February 12 by 11:59 PM	20%
Group Presentation	Due on March 5 by 11:59 PM	20%
Assignment 2 - Group	Due on March 26 by 11:59 PM	20%
Final Exam - Individual	Due on April 5 by 3:50 PM	30%
	<b>Total</b>	100%

\*All times are Central Standard Time

## COURSE FORMAT

### *In-Person, Synchronous Instruction*

JSGS students have told us they prefer in-person instruction. That is why we are pleased to offer this course in person and on-site according to the latest protocols for health and safety at the [University of Regina](#) and the [University of Saskatchewan](#). Please refer to this health and safety information so that you are prepared for a great experience on campus.

This course is designed for participation in real time (also known as synchronous instruction). Scheduled classes complement learning material found on PAWS. Please review the learning material in advance of each scheduled class. Your regular attendance in class offers the best opportunity to ask questions, make connections, and participate in learning based on the learning material.

Students are encouraged to bring a laptop or other wifi-enabled mobile device to class. This will enhance your experience by giving you access to online tools that allow classroom polls, surveys, and other collaboration tools that we may use this term.

## COURSE OUTLINE (SUBJECT TO CHANGE)

Week	Module	Readings	Due Date
<b>Part I: Introduction</b>			
Week 1 Jan 11-13	1. Setting the Stage: Financing and Spending in a Multilevel Political System	Textbook Ch. 1, 2, 3	
Week 2 Jan 16-20	2. Public Choice and Fiscal Federalism	Textbook Ch. 7, 8 Supplementary Readings: <ul style="list-style-type: none"> <li>• Tiebout, Charles M. 1956. A Pure Theory of Local Government Expenditures. <i>Journal of Political Economy</i>, 64(5), 416–424. <a href="http://www.jstor.org/stable/1826343">www.jstor.org/stable/1826343</a></li> <li>• The O’Brien Report (2006). Achieving a National Purpose: Putting Equalization Back on Trac. Expert Panel on Equalization and Territorial Formula Financing. <a href="https://central.bac.lac.gc.ca/.item?id=F2-176-2006E&amp;op=pdf&amp;app=Library">https://central.bac.lac.gc.ca/.item?id=F2-176-2006E&amp;op=pdf&amp;app=Library</a></li> <li>• Marchildon, Greg. P. and Haizhen Mou (2014). A needs-based allocation formula for Canada Health Transfer. <i>Canadian Public Policy</i>, (40)3, 209–223 <a href="https://www.jstor.org/stable/24365125?seq=1">https://www.jstor.org/stable/24365125?seq=1</a></li> </ul>	
Week 3 Jan 23-27	3. Growing the Pie and Redistribution	<ul style="list-style-type: none"> <li>• Bradford, Neil and David A. Wolfe (2013). Governing regional economic development: innovation challenges and policy learning in Canada. <i>Cambridge Journal of Regions, Economy, and Society</i>, (6), 331-347 doi:10.1093/cjres/rst006</li> <li>• Walker, Christine. C., Druckman, Angela and Tim Jackson (2021). Welfare systems without economic growth: A review of the challenges and next steps for the field. <i>Ecological Economics</i>, 2021(186), <a href="https://doi.org/10.1016/j.ecolecon.2021.107066">https://doi.org/10.1016/j.ecolecon.2021.107066</a></li> </ul>	
<b>Part II: Public Expenditure in Canada</b>			
Week 4 Jan 30-Feb 3	4. Health Care	Textbook Ch. 9 Supplementary Readings: <ul style="list-style-type: none"> <li>• Usher, Dan (1977). The welfare economics of the socialization of commodities, <i>Journal of Public Economics</i>, 8(2) 2, 151-168. <a href="https://doi.org/10.1016/0047-2727(77)90016-0">https://doi.org/10.1016/0047-2727(77)90016-0</a>.</li> <li>• Advisory Council on the Implementation of National Pharmacare (2019). A Prescription for Canada: Achieving Pharmacare for All. <a href="https://www.canada.ca/en/healthcanada/corporate/about-health-canada/public-engagement/externaladvisory-bodies/implementation-national-pharmacare/finalreport.html">https://www.canada.ca/en/healthcanada/corporate/about-health-canada/public-engagement/externaladvisory-bodies/implementation-national-pharmacare/finalreport.html</a></li> </ul>	

<p>Week 5 Feb 6-10</p>	<p>5. Education</p>	<p>Textbook Ch. 13 Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Card, David, Martin D. Dooley and A. Abigail Payne (2010). School Competition and Efficiency with Publicly Funded Catholic Schools. <i>American Economic Journal: Applied Economics</i>, 2(4), 150-176. <a href="https://www.aeaweb.org/articles.php?doi=10.1257/app.2.4.150">https://www.aeaweb.org/articles.php?doi=10.1257/app.2.4.150</a></li> <li>• Hendren, Nathaniel and Ben Sprung-Keyser (Aug. 2020). A Unified Welfare Analysis of Government Policies. <i>The Quarterly Journal of Economics</i>, 135(3), 1209–1318. <a href="https://doi.org/10.1093/qje/qjaa006">https://doi.org/10.1093/qje/qjaa006</a></li> </ul>	<p>A1 due on Feb 12 by 11:59 pm</p>
<p>Week 6 Feb 13-17</p>	<p>6. Public Pensions</p>	<p>Textbook Ch. 11 Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Wolfson, Michael (2011). Projecting the Adequacy of Canadians' Retirement Incomes. Institute for Research on Public Policy Study, No. 17, <a href="http://www.irpp.org/pubs/IRPPstudy/IRPP_Study_no17.pdf">http://www.irpp.org/pubs/IRPPstudy/IRPP_Study_no17.pdf</a></li> <li>• Milligan, Kevin and Tammy Schirle (2014). Simulated Replacement Rates for CPP Reform Options. SPP Research Papers. <a href="http://www.policyschool.ca/wp-content/uploads/2016/03/milligancpp-options-final.pdf">http://www.policyschool.ca/wp-content/uploads/2016/03/milligancpp-options-final.pdf</a></li> </ul>	
<p>Week 7 Feb 20-24</p>		<p>Winter Break</p>	
<p>Week 8 Feb 27-Mar 3</p>	<p>7. Employment Insurance and Other Expenditures</p>	<p>Textbook Ch. 10, 12 Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Courchene, Thomas J. and John R. Allan (2009). A Short History of EI, and a Look at the Road Ahead. <i>Policy Options</i>. <a href="http://www.irpp.org/po/archive/sep09/courchene.pdf">http://www.irpp.org/po/archive/sep09/courchene.pdf</a>.</li> <li>• Heller, Nathan (July 2, 2018). Who Really Stands to Win from Universal Basic Income? <i>The New Yorker</i>. <a href="https://www.newyorker.com/magazine/2018/07/09/who-really-stands-to-win-from-universal-basic-income">https://www.newyorker.com/magazine/2018/07/09/who-really-stands-to-win-from-universal-basic-income</a></li> </ul>	<p>Group Presentation due on Mar 5 by 11:59 pm</p>
<p>Week 9 Mar 6-10</p>	<p>8. Personal Income Tax</p>	<p>Textbook Ch. 17, 18 Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Hoffmann, Florian, David S. Lee, and Thomas Lemieux (2020). Growing Income Inequality in the United States and Other Advanced Economies. <i>Journal of Economic Perspectives</i>, 34 (4), 52-78. DOI: 10.1257/jep.34.4.52</li> <li>• Baker, Michael, Jonathan Gruber, and Kevin Milligan (2008). Universal Child Care, Maternal Labor Supply, and Family Well-Being. <i>Journal of Political Economy</i>, 116(4), 709-745. <a href="http://www.jstor.org/stable/10.1086/591908">http://www.jstor.org/stable/10.1086/591908</a></li> </ul>	

<p>Week 10 Mar 13-17</p>	<p>9. Consumption Tax</p>	<p>Textbook Ch. 19 Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Smart, Michael (2011). The Impact of Sales Tax Reform On Ontario Consumers: A First Look at the Evidence. <i>SPP Research Papers</i>. <a href="https://www.fin.gov.on.ca/en/publications/2011/smart.pdf">https://www.fin.gov.on.ca/en/publications/2011/smart.pdf</a></li> <li>• Layton, Carol and Steve Orsini (June 18, 2020). What can Ontario's HST Experience Teach Us about Economic Recovery? <i>Policy Options</i>. <a href="https://policyoptions.irpp.org/magazines/june-2020/what-can-ontarios-hst-experience-teach-us-about-economic-recovery">https://policyoptions.irpp.org/magazines/june-2020/what-can-ontarios-hst-experience-teach-us-about-economic-recovery</a></li> </ul>	
<p>Week 11 Mar 20-24</p>	<p>10. Other Taxes</p>	<p>Textbook Ch. 20, 21 Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Kitchen, Harry M., and Enid Slack (2003). "Special Report: New Finance Options for Municipal Governments." <i>Canadian Tax Journal</i>, 51(6), 2215-2275. <a href="https://munkschool.utoronto.ca/imfg/uploads/139/kitchenslack_new_finance_for_municipal_governments_2003.pdf">https://munkschool.utoronto.ca/imfg/uploads/139/kitchenslack_new_finance_for_municipal_governments_2003.pdf</a></li> <li>• Holmes, Thomas J. (2000). "The Location of Industry: Do States' Policies Matter?" <i>Regulation</i>, 23(1), 47-50. <a href="https://www.cato.org/sites/cato.org/files/serials/files/regulation/2000/4/holmes.pdf">https://www.cato.org/sites/cato.org/files/serials/files/regulation/2000/4/holmes.pdf</a></li> </ul>	
<b>Part IV: Bringing it All Together</b>			
<p>Week 12 Mar 27-31</p>	<p>11. Government Budget, Deficit/Surplus and Debt</p>	<p>Textbook online supplement: Deficit Finance <a href="http://higher.ed.mheducation.com/sites/dl/free/0070071837/952535/Rosen4e_InternetCh03.pdf">http://higher.ed.mheducation.com/sites/dl/free/0070071837/952535/Rosen4e_InternetCh03.pdf</a> Supplementary Readings:</p> <ul style="list-style-type: none"> <li>• Furman, Jason and Lawrence Summers (Nov. 30, 2020). A Reconsideration of Fiscal Policy in the Era of Low Interest Rates. <a href="https://www.piie.com/system/files/documents/furman_summers2020-12-01paper.pdf">https://www.piie.com/system/files/documents/furman_summers2020-12-01paper.pdf</a></li> <li>• Mou, Haizhen, Michael M. Atkinson and Stephen Tapp (2018). Do Balanced Budget Laws Matter in Recessions?" <i>Public Budgeting &amp; Finance</i>, 38(1), 28 – 46. <a href="http://onlinelibrary.wiley.com/doi/10.1111/pbaf.12163/full">http://onlinelibrary.wiley.com/doi/10.1111/pbaf.12163/full</a></li> </ul>	<p>A2 Due on Mar 26 by 11:59 pm</p>
<p>Week 13 April 5</p>	<p>Final Exam</p>	<p>Final Exam</p>	

## DESCRIPTION OF ASSIGNMENTS

### Class Discussion Participation

Students are encouraged to ask relevant questions and provide thoughtful comments on the topics covered in the class. Participation will be graded based on the quality and frequency of the comments, the degree to which the comments integrate and demonstrate understanding of class material, and the extent to which students show genuine engagement with the material and their fellow classmates' questions or comments. In other words, this should be a real, respectful, and intellectually engaging conversation. Formulaic and "paint-by-number" response will not earn a good grade.

### Group Assignments

In addition to class participation, students must also complete three group-based assignments.

- **Assignment #1** – Government Expenditures: DUE on Feb 12 by 11:59 PM
- **Group Presentation and Summary** – Case Study Analysis: DUE on Mar 5 by 11:59 PM
- **Assignment #2** – Government Revenues and Taxation: DUE on Mar 26 by 11:59 PM

Each group consists of *no more than five* students. Each group will submit only one assignment and every member will receive the same grade. In the Canvas LMS, click the "People" link and look under the "Groups" tab to sign-up to join a group. See the "Assignments" area of the course for more details on the assignment requirements and to submit your completed work. Assignment written components should be submitted electronically by uploading a **single Word document** to the Canvas LMS. The group presentation will also require a recorded presentation to be posted to the Canvas LMS Discussion board. The presentation will not be made in class.

## FINAL EXAM

This class will have an in-person final exam, consisting of multiple choice and short/long answer questions. Both are individual exams. The exam takes about 2 hours, but students will have the full final class time to complete the exam.

## LATE ASSIGNMENTS

Students who feel they need a deadline extension due to unforeseen circumstances should submit their request prior to the due date. Extensions will be provided at instructor discretion.