

**Department of Economics
University of Victoria**

Economics 410A: Problems of Canadian Microeconomic Policy

Winter Term 2012

Instructor: Nancy South
Office: BEC 328
Office hours: Monday 5:30 – 6:20 PM, or by appointment.
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Textbook (Recommended): Brander, J., Government Policy Toward Business, 4th Edition (2006).

Objectives: The objectives of the course are:

- a) to examine the difficulty of moving from theory to practical policy analysis,
- b) to continue to develop the ability to apply economic reasoning to practical issues,
- c) to become better acquainted with current Canadian policy issues, and
- d) to practice and improve communication (i.e. writing) skills.

Grading:

Assignments (3) (Jan. 23, Feb. 6, Mar. 12)	15%
Participation	5%
Midterm (Feb. 20 th)	20%
Term Paper:	
Proposal – Required (February 6)	5%
First Draft - Optional (March 12)	
Final Paper (April 2)	25%
Final Exam	30%

Assignments:

There will be three written assignments; each will require three or four pages for a full response. Typically the assignments will involve reviewing and evaluating an article or doing some preliminary analysis of a particular issue.

Participation:

The class will be run as a seminar and you will be expected to participate actively. One specific requirement will be to make a brief presentation of your term paper to the class.

Term Paper:

You must choose a suitable topic for your paper almost immediately – I will offer some suggestions. The proposal, due February 6th, must include a statement of the paper's topic and some preliminary indication of its feasibility, including a brief description of **at least three references from the economics literature** that you have found.

You may submit a draft of your paper for feedback on or before March 12th.

All submissions must be typed and double-spaced.

You may submit hard copies of assignments and your paper by 6:30 PM on the due date or you may email electronic copies to nms@uvic.ca

Final Grade

Course letter grade - numerical score (%) equivalencies used in the Department are as follows:

A+ ≥ 90%	B+ ≥ 75% - < 80%	C+ ≥ 60% - < 65%	F < 50%
A ≥ 85% - < 90%	B ≥ 70% - < 75%	C ≥ 55% - < 60%	
A- ≥ 80% - < 85%	B- ≥ 65% - < 70%	D ≥ 50% - < 55%	

No "E" grades will be assigned.

Note:

Plagiarism and Cheating:

“The standards and reputation of a University are the shared responsibility of its faculty and student body. ...Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. Students who are found to have engaged in unethical academic behaviour, including the practices described in the Calendar, are subject to penalty by the University (University Calendar <http://web.uvic.ca/calendar2010/GRAD/FARe/AcIn.html>). **You will be expected to be familiar with and conform to the standards described in the section of the Calendar on Academic Integrity!**”

Working Environment:

“The University of Victoria is committed to promoting, providing and protecting a positive and safe learning and working environment for all its members.”

Accessibility Statement

“Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, please feel free to approach me and/or the Resource Centre for Students with a Disability (RCSD) as soon as possible. The RCSD staff are available by appointment to assess specific needs, provide referrals and arrange appropriate accommodations <http://rcsd.uvic.ca/>. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.”

Travel Plans and the Final Exam:

Students are advised not to make travel plans until **after** the examination timetable has been finalized. Students who wish to finalize their travel plans at an earlier date should book flights that depart after the end of the examination period (see the University Calendar <http://web.uvic.ca/calendar2010/FACS/UnIn/UARe/Exam.html>). There will be no special accommodation if travel plans conflict with the examination.

Final Syllabus and Reading List:

A revised reading list will be available based on Canadian policy issues of interest to the class (and feasible for the instructor!). Topics will be determined during the first two classes. Starred readings are required.

1. The Theory and Practice of Economic Policy Making

A. The Traditional Rationale for Government Intervention

* Brander Chapters 3 and 4

Frank, Robert H. and Ian Parker, **Microeconomics and Behaviour**, Third Canadian edition, 2007, Chapters 16 – 18 or Rosen, Dahlby, Smith and Boothe, **Public Finance in Canada**, Chapters 2, 4 and 5 or equivalent.

B. Problems with Piecemeal Policymaking

Lipsey R. and K. Lancaster, "The General Theory of The Second-Best" (1957), Review of Economic Studies.

Blackorby, C. "Economic Policy in a Second-Best Environment" (1990), Canadian Journal of Economics.

C. Cash vs. In-Kind Transfers, etc.

*Balestrino, A (1999) "The Desirability of In-Kind Transfers in the Presence of Distortionary Taxes" Journal of Economic Surveys, 13(4) 333-354.

Boadway, R. and M. Marchand (1995), "The Use of Public Expenditures For Redistributive Purposes" Oxford Economic Papers, 47, 45-59.

Kaplow, L. (2006) "Public goods and the distribution of income", European Economic Review, 50(7), 1627-1660.

D. Policy Evaluation

*Chapters 7 and 8, Field, B. and N. Olewiler, Environmental Economics, or equivalent.

Hausman, D. and McPherson, M. (1993) "Taking Ethics Seriously: Economics and Contemporary Moral Philosophy", Journal of Economic Literature, Vol. XXXI pp. 671 - 731.

*Kleiman, M. and J. Caulkins (2001) "Noticing the Micro-Distributional Consequences of Cigarette Taxation and Its Equivalents" Journal of Policy Analysis and Management 20(2) 353-364.

* Griffin, R. (1995), "On the Meaning of Economic Efficiency in Policy Analysis", Land Economics, 71(1), 1-15.

Sen, Amartya (2009), **The Idea of Justice**

E. Economic Policy in Practice

*Brander Chapter 5

*Butterworth, R. and N. Horne (2003) "Policy advice: a practical perspective" The International Journal of Public Sector Management, 16(3) 219-229.

Dal Bo, Ernesto, (2006), "Regulatory Capture: A Review", Oxford Review of Economic Policy 22(2) 203-225.

*Shulock, Nancy, (1999), "The Paradox of Policy Analysis: If It Is Not Used Why Do We Produce So Much Of It?", Journal of Policy Analysis and Management 18(2) 226-244.

2. Canadian Microeconomic Policy Issues

A. The Economics of Higher Education

Gerard, M and V. Vandenberghe (2007) "Economics of Higher Education" Education Economics 15(4), 383-384

*Vandenberghe, V. and O. Debande (2007) "Deferred and Income-contingent Tuition Fees: An Empirical Assessment" Education Economics 15(4), 421-440.

Kesselman, J. (1993) "Squeezing Universities, Students or Taxpayers? Issues in Designing a Canadian Income-Contingent Loan Program ", UBC Discussion paper 93-19.

*Lemelin, C. (1992) "Short-Term Redistributive Effects of Public Financing of University Education in Quebec" Canadian Public Policy 18(2), June 1992 176-188.

Frenette, M. (2002) "Too Far to Go On? Distance to School and University Participation" Report 191 **Statistics Canada**, June 19, 2002.

Allen R., (1998), "Paying For University Education in B.C.", UBC Discussion Paper No.: 98-07. (<http://web.arts.ubc.ca/econ/>)

Carmichael, Lorne, "Restructuring the System: What Level of Public Support?", Canadian Public Policy 25(1), 133-140.

McGuiness, S. and J. Bennett (2009) "Changes in returns to schooling 1991 – 2002..." Education Economics, 17(2) 167 – 184.

Boudarbat, B. and C. Montmarquette (2009) "Choices of fields of study of Canadian university graduates..." Education Economics, 17(2) 185 – 213.

Marcucci, P. and B. Johnstone (2007) "Tuition fee policies in a comparative perspective: Theoretical and political rationales", Journal of Higher Education Policy and Management 29(1) 25-40.

*Pardy, B. (2004), "Poor Students, Well-Paid Lawyers: Post-Graduation Income-Contingent Tuition Fees for Law Schools" Queen's Law Journal, 29, 848-867.

Turpin, David H., Andrew Petter and Geoff Plant, "Political leadership key to boosting role of colleges and universities", Times Colonist December 31, 2010
<http://www.timescolonist.com/business/Comment+Candidates+post+secondary+stance+future/4045029/story.html>

B. International Trade Policy

- Supply Management
- Free Trade Agreements

Readings:

* Brander Chapters 8, 9

*Barichello, R., J. Cranfield and K. Meilke (2009), "Options for the Reform of Supply Management in Canada with Trade Liberalization", **Canadian Public Policy** 35(2) 203-217.

Huff, K.M., K.D. Meilke, and R. Amedei. (2000), "Canada-US Chicken Trade: An Evaluation Five Years into the Uruguay Round Agreement on Agriculture." **Canadian Journal of Agricultural Economics** 48(4):421-32.

Malholtra, N. and H. Rus (2009), "The Effectiveness of the Canadian Antidumping Regime" **Canadian Public Policy** 35(2) 187-202.

"Economic Analysis of Prospective Free Trade Agreement(s) Between Canada and the Countries of the Andean Community" (2007) Foreign Affairs and International Trade Canada.

C. Price and Entry Regulation vs. Government Provision

- Private vs State ownership
- Public Private Partnerships

*Brander: Chapters 14 & 16

Ohemeng, F. and J. Grant, (2008), "When markets fail to deliver: An examination of the privatization and de-privatization of water and wastewater services delivery in Hamilton, Canada" **Canadian Public Administration**, 51(3), 475-499.

Panet, P. and M. Trebilcock, (1998), "Contracting-out Social Services" **Canadian Public Administration**, 41(1), 21-50.

Gibbons, R., (1998), "Incentives in Organizations", **Journal of Economic Perspectives**, 12(4), 115-132.

*Shliefer, A., (1998), "State vs. Private Ownership", **Journal of Economic Perspectives**, 12(4), 133-150.

Stewart, G., (2008), "Repositioning BC Ferries: From Crown Corporation to Administrative Hybrid", Thesis, Graduate Studies, **University of British Columbia**.

D. Natural Resource Policy

- Managing Canada's fish stocks

Readings:

* Brander Chapter 11 – sections 11.1 – 11.4

*Schwindt, Richard, Aidan R. Vining, and David Weimer: "A Policy Analysis of the BC Salmon Fishery", **Canadian Public Policy** 29(1), March 2003, pp.73-93.

Pinkerton, E and D. Edwards, (2009) "The Elephant in the Room: The hidden costs of leasing individually transferable quotas", **Marine Policy**, 18, 707-713.

Turris, B, (2010) "A Rejoinder to Pinkerton, et al: The Elephant in the Room: The hidden costs of leasing individually transferable quotas", **Marine Policy**, 34, 431-436.