

DEPARTMENT OF ECONOMICS AND FINANCE
College of Management and Economics

ECON*4860 Seminar in Current Economic Problems (Winter 2012)

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Office Hours: Tues. and Thurs. 2:00 to 3:30 (or by arrangement)

E-mail: mhoy@uoguelph.ca (**NOTE:** You **MUST** include the course number or name in the subject heading of any e-mail you send me or I may inadvertently delete it without opening it.)

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit:

www.economics.uoguelph.ca/student-responsibilities-policies.asp

Prerequisites: ECON*3600, ECON*3710, ECON*3740, or instructor consent. If you haven't taken all of the above economics courses, please talk to me at the end of the first lecture.

Course Outline

Course Description:

The purpose of this course is to help you develop skills to analyze the source of economic problems and possible solutions through government intervention. We will consider problems that arise from the free market economy in terms of both efficiency and equity considerations. Such problems could include many that you will have considered in other economics courses. For example, pollution and global warming are problems created by market failures associated with externalities and these are central topics in courses on Environmental Economics. My goal in this course is to extend the range of economic problems and approaches to looking at them beyond the "usual" that you have been exposed to in courses taken in economics. Thus, the first part of the course will be a series of lectures on how to analyze economic outcomes from both efficiency and equity (distributional) perspectives. I will then provide some examples of how one can use these techniques to investigate economic problems and potential government remedies.

The second part of the course will be composed of seminars presented by you. These will involve the explanation and review of papers related to topics that each of you will investigate (e.g., see examples below). I will help each of you choose a topic and some related academic papers (e.g., journal articles) and together we will pick one of the papers for you to present to the class. As is common in professional economics seminars, I will assign a "second reader" to the main paper. The second reader will be responsible for a

brief discussion of the paper. Based on the topic you choose, you will be responsible to write an essay/paper reviewing and balancing various views of the problem and possible government remedies given in the literature. Thus, each of you will make two presentations, one major one (on your essay topic) and one minor one (on a paper related to someone else's topic).

The development of skills in this course should be a very useful component of your education in economics. This course will develop your ability to integrate economics analysis – both theoretical and empirical – in a way that brings together many of the economic tools you've learned throughout your undergraduate program. The writing experience in particular should prove useful to you in your careers whether in the private or public sector.

Most of economic analysis in “standard courses” focuses on the efficiency properties of the market system. Much of government intervention in the economy, however, is in fact geared towards distributional concerns or equity rather than to correct market failures and improve efficiency. For example, most economists would argue - and I think more or less correctly - that education and health, which are two of the main areas of government policy, are essentially private goods. So to study the effectiveness of such intervention, one needs to understand how to analyze equity concerns relating to poverty and inequality. The lectures at the beginning of the course will provide you with the necessary tools. After I give some examples about how to use these tools to analyze economic problems and their possible solutions, the course will then focus on student presentations and discussion.

The following list provides some examples of economic problems where government programs and policies have been created in response. This list is not exhaustive and you may well want to choose a topic not in the list. In any case, you will need to have your choice and a list of sources for your essay approved by me by the end of the third week of classes (i.e., by January 24, 2012). However, you should start thinking about this immediately and discuss with me as soon as possible. Following the list of possible topics I have also included a list of sources of economic analysis/debate, including “think tanks” and relevant journals. The newspaper is also a good place to look for ideas!

Example Topics/Areas for Student Presentations and Essays

Fertility and Childcare Policy (e.g., compare Quebec and Ontario).
Poverty in Canada
Poverty of Certain Groups (e.g., disabled, single mothers, first nations people, etc.)
Economic Inequality and the Tax System (or one part of the tax system)
Healthcare funding (overall problems of specific aspects – e.g., pharmaceuticals, what gets on the list of covered procedures and what doesn't)
Unemployment insurance / policies (e.g., different eligibility requirements across regions, different retraining possibilities)
Education (early childhood / junior kindergarten, testing and linking testing to funding or teacher salaries)
Post-secondary education (tuition policy, student loan and student grant policy, etc.)
Minimum wage debate.
Tax reform (income tax, HST, corporate income tax, etc.)
Regional inequality (transfer payments)
Immigration policy (targets, point system, policy for relatives, policies to improve integration in job market and society)
Gender Inequality in the Workplace
Gender Imbalance in Universities
Demographic Change (elderly and pensions, problems of divorced parents)
Developing Country Issues (e.g., HIV policies, millennium poverty reduction goals)
Child Poverty

Some Sources for Ideas and Relevant Papers/Studies

Newspapers

CD Howe Institute - <http://www.cdhowe.org>

Fraser Institute - <http://www.fraserinstitute.org>

Canada Without Poverty - <http://www.cwp-csp.ca>

Centre for the Study of Living Standards - <http://www.csls.ca>

Institute for Competitiveness and Prosperity - <http://www.competeprosper.ca>

Canadian Centre for Policy Alternatives - <http://www.policyalternatives.ca/>

Journals (available through the library Trellis System): Canadian Public Policy, Canadian Journal of Economics, Canadian Journal of Higher Education

It can also be valuable to look at non-Canadian sources for inspiration and for comparison of how “problems” are addressed in other countries. A very good source is the NBER series (National Bureau of Economic Research).

Course Schedule (Tentative)

Weeks 1 to 6 (January 9-13 to February 13-17): Lectures

(February 20 to 24): Winter Break

Week 7 (February 27 to March 2): Lectures and/or Review

Weeks 8 to 10 (March 5 to March 23): Seminar Presentations

Week 12 (April 2 to April 6): No classes will be held in the last week of the semester.

Final Exam: There is no final exam in this course.

NOTE: If at all possible I will schedule your seminar presentations outside of class hours using time periods exceeding the one hour and 20 minutes available in our scheduled lectures. Seminar presentations will take place in a workshop atmosphere involving groups of 5 to 7 students in each workshop. I expect each person to attend at least two workshops.

Grading:

(1) Summary of proposal (due in class, February 14)	10%
(2) Presentations and Participation in Seminars	30%
(3) Essay (Due date is March 30)	60%

NOTES: Your major presentation will represent 20 of the 30 percentage points in (2) above, while your minor presentation and participation in seminars will represent the remaining 10 percentage points. By February 3 you must have chosen your essay topic, and have had it confirmed by me. In the following two weeks I will help you select some background papers / research materials and choose which of these you will focus on for your major presentation.

Summary of Proposal:

The summary of your proposal should include: (1) a discussion of the economic issue (problem) you are going to investigate, (2) an explanation of the relevance or importance of the problem, (3) a description of the economic policy (or policies) related to this problem, and (4) a list of relevant sources of information (e.g., books, journal articles, reports, newspaper articles). The list in (4) needn't be extensive and you may well add to this list while you write your essay. However, you should include at least a few journal articles or a book or the equivalent in terms of reports (e.g., a report by the C. D. Howe Institute or the Fraser Institute can be as substantive as a journal article). Your grade will depend not only on the substance of your summary but also on how well the proposal is written. Although appropriate grammar and writing style will have some weight in my grading scheme, logic and substance in terms of economic analysis is more important. It is important that you integrate the material from the course lectures regarding efficiency and equity analysis in economics into your proposal. Of course, if your proposal is about an economic problem that has no substantive equity issues, then you simply need to explain why this is so.

Essay and Presentations

I will help you to select an economic problem or policy issue. Your task is to write a critical review of options for resolving or ameliorating the problem. The review should highlight both efficiency and equity concerns. For example, a representative topic could be on university tuition policy or how pharmaceuticals should be covered (or not) by the public health care system or even something as broad as whether we should have a two tiered health care system as a response to rising health care costs. You needn't choose one side or another of a debate but rather critically highlight the arguments made. As a guideline your essay should be about 4000 to 5000 words. If you wish to write your essay on a topic that you have used in a previous course, you will need to discuss this with me.

Your major presentation, on one or two papers relating to your essay topic, will last a maximum of 40 minutes and an outline/handout of the presentation must be prepared beforehand and distributed to all members of the class at the time of the presentation. Your minor presentation will be as a discussant of someone else's topic and will involve a brief view of the paper, including critical questions about it, at the presentation. Discussants must also provide a (brief) outline of their comments and will have a maximum of ten minutes to make their points. This will be followed by a further 15 minutes or so of discussion, and the main presenter should be able to make some responses to some of the remarks that are made by discussants' and others. Participation grades can be enhanced by fruitful contributions to this stage of the discussions. I expect all of you to read all of the papers before the presentations. The order of presentations will be picked randomly and announced at least a couple of weeks before they begin.

Reading Material for Lectures

I will provide all the reading material for the lecture part of the course. You may wish to access now the paper "**Describing the Distribution of Income: Guidelines for Effective Analysis**" by Mikal Skuterud, Marc Frenette, and Preston Poon, which is available at <http://www.statcan.gc.ca/pub/75f0002m/75f0002m2004010-eng.pdf>