



UNIVERSITY OF
SASKATCHEWAN

Department of Economics

ECON 350.3 (01)

ECONOMICS OF PUBLIC EXPENDITURES

T1: 2019/20

Course Details

Time:	Tuesday and Thursday, 13:00-14:20
Location:	ENG 2C88
Prerequisites:	ECON 211 and a junior course in calculus
Course Description:	A survey of the principles of resource allocation in the public sector in relation to the role and effect of expenditure policies on the achievement of the major economic objectives.
Website:	Some materials will be available on Blackboard.

Expected Learning Outcomes

The field of public finance is concerned with the economic analysis of activities that affect the government budget. This course focuses mostly on the expenditure side of the budget, whereas ECON 352 covers government revenues, i.e. issues related to taxation.

Upon successful completion, students will be aware of the rationale for various government activities from a welfare perspective, and understand the theoretical foundations of public goods provision and externalities. They will be familiar with issues surrounding the decision process on public goods provision, including theories of public choice, voting mechanisms, and welfare theory. They will have seen examples of important expenditure programs in Canada.

In terms of technical skills, this course provides students with the opportunity to improve their ability to solve microeconomic problems and formalize concepts as mathematical models.

Instructor

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Arts 812	E-mail: a.pollak@usask.ca (preface subject with "ECON350")
Office Hours:	Tuesday and Thursday 14:40-15:30 or by appointment

Course Outline and Readings

The required textbook for this course is:

Rosen, Wen, Snoddon, *Public Finance in Canada*, Fifth Canadian Edition, McGraw-Hill, 2016.
[referred to as RWS; *Please note*: Using an older edition of the textbook is fine, too.]

1. Introduction and Basics
 - 1.1. Introduction to Public Finance
RWS, Chapter 1
 - 1.2. Efficiency and Welfare
RWS Chapter 2, pp. 20-30
 - 1.3. The Rationale for Government Intervention
RWS, Chapter 2, pp. 31-34, Chapter 6
 - 1.4. The Government Budget Constraint
2. Public Expenditure Theory
 - 2.1. Public Goods
RWS, Chapter 4
Buchanan, J. (1965): "An economic theory of clubs." *Economica* 32, pp. 1-14.
 - 2.2. Externalities
RWS, Chapter 5
Gordon, H.S. (1954): "The economic theory of a common property resource: the fishery." *Journal of Political Economy* 62, pp.124-142.
 - 2.3. Public Choice
RWS, Chapter 7 and Chapter 8, pp. 150-154
Boadway, R.W. and D.E. Wildasin, *Public Sector Economics*, 2nd edition, Little, Brown and Company, Toronto and Boston, 1984, pp. 161-164.
3. Public Expenditure Programmes in Canada
 - 3.1. Public Pensions
RWS, Chapter 11
 - 3.2. (Un)Employment Insurance
RWS Chapter 10
 - 3.3. Other Programmes

Note that the course outline and reading list might be updated during the term. All readings except RWS are available online.

Evaluation

There will be three components to your grade:

Component	Date	Weight
Assignments	TBA	15%
Midterm Exam	November 5	25%
Final Exam	TBA	60%

The weights of the midterm will be shifted to the final if this results in a better overall grade.

Assignments:

You will complete a number of assignments (approx. 8) during the term. If you receive help from any source (book, another person, website) you must cite it on your assignment. Failure to cite could be construed as academic dishonesty. You will have at least one week to complete each assignment. While you are encouraged to cooperate solving the assignments, I expect the answers that are handed in to reflect students' individual contributions. Late assignments will not be accepted. Some answer keys may be posted on Blackboard, and the assignments will be discussed in class.

Exams:

There will be one midterm exam (one class hour) and a final (180 minutes). Exams will be cumulative and test your understanding of the subject material and your ability to analyse and formulate solutions to specific problems. The assignments are intended to assist you in the preparation for the exams, but note that exam questions are typically different from assignment questions. The exams are closed book. Electronic devices will not be permitted during examinations, with the exception of approved non-programmable calculators without communication functions. There will be no deferred midterms.

Missed Components:

If assignments or midterm exams cannot be completed for a justifiable reason, it may be possible to make alternative arrangements *prior to* the due date at the instructor's discretion. If no such arrangements are made and the component is missed, a grade of 0 will be assigned, unless the student provides written documentation of circumstances beyond his or her control that prevented him or her from completing the assignment on time.

Attendance:

University policies apply. Regular attendance is recommended.

Grading System:

See <http://students.usask.ca/academics/grading/grading-system.php#GradingSystem> for a description of the percentage grading system used in this course.

Grade Distribution:

See <https://homepage.usask.ca/~anp328/?teaching> for the historic grade distribution for this course.

Academic Integrity

Please note that academic dishonesty is subject to severe penalty at the University of Saskatchewan. Any form of conduct not in line with the general standards of academic integrity, including cheating and plagiarism, will not be tolerated.

This course will conform to the academic requirements and standards, including Academic Misconduct (<http://www.usask.ca/secretariat/student-conduct-appeals/academic-misconduct.php>) and the rules of Student Appeals in Academic Matters (<http://www.usask.ca/secretariat/student-conduct-appeals/appeals-in-academic-matters.php>).

Please read the “Integrity defined” document available at <http://www.usask.ca/secretariat/student-conduct-appeals/forms/IntegrityDefined.pdf>