

PUBLIC FINANCE – EXPENDITURE
EC2159B-001
Department of Economics
Western University

January 2019

General Information:

Instructor: Irene Trela
Office: 4081 SSC
Phone: (519) 661-2111 ext. 85054
E-mail: itrela@uwo.ca
Office Hours: M 12:30-1:30, W 2:30-3:30 or any time my office door is open
Classroom meeting time(s) and location: M 11:30-12:30; W 11:30-1:30, B&GS 1065
Course website: <https://owl.uwo.ca/portal>
Undergraduate inquiries: 519-661-3507 SSC Room 4075 or econugrd@uwo.ca

Registration:

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

Prerequisite Note:

The prerequisite for this course is Economics 2150A/B.

The antirequisite for this course is Economics 3328A.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an antirequisite course. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Course Objectives:

This course will acquaint students with welfare economics, market failure and the economic role of government. The focus will be on the spending activities of government and its influences on the allocation of resources and distribution of income. You will be introduced to the important concepts of economic efficiency and equity, the virtues of the pricing mechanism in achieving them, and the circumstances justifying government intervention in attaining them.

Course Learning Outcomes:

Students will be able to identify and describe the structure of institutions at various levels of government in Canada and understand the working of fiscal federation.

Students will be able to explain the meaning of a market economy and how markets allocate society's scarce resources.

Students will be able to identify the costs and benefits to society in a perfectly competitive market structure.

Students will be able explain what it means for markets to fail and the role of government in finding solutions for market failure.

Students will be able to analyze the ethical and social justice dimensions of market and policy outcomes.

Students will be able to apply algebraic and graphical tools to analyze fiscal policies including income redistribution, social insurance, provision of public goods, and taxes and subsidies as tools for internalizing externalities.

Students will be able to evaluate some of the unintended consequences of fiscal policy.

Textbook:

Harvey S. Rosen, Jean-Francois Wen and Tracy Snoddon. *Public Finance in Canada*, 5th Canadian Edition, McGraw-Hill Ryerson, 2016.

The textbook is also available on 2 hr reserve at D.B. Weldon Library.

Course Website:

<http://owl.uwo.ca> : this site gives you access to lecture notes, homework questions (textbook and additional questions that you need to practice to do well on exams), review questions, and announcements (i.e. midterm exam scheduling, class cancellations, and other important announcements). The lecture notes posted on the course website are supplementary material and should not be regarded as a substitute for lectures. There will be a significant amount of additional material covered in class that is NOT in the posted lecture notes. Students are reminded that all class material (including posted lecture notes and additional material covered in class that is not in the posted lecture notes), homework questions and review questions will ALL be subject to examination.

Grading:

Midterm*	worth 40%	Scheduled for Wednesday, February 27, 7:00-9:00pm
Final Exam*	worth 60%	To be announced by the Registrar

* The midterm and final exams will each be 2 hours in length and in multiple choice format. Questions will be a mix of theory questions, true and false statements (in multiple choice format), problems (in multiple choice format), and questions based on information presented in graphs. Students will know the result of their midterm grade by Sunday March 4th in order to make a decision regarding dropping the course by the drop deadline.

Note: Computer marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.

Note: Use of electronic devices (cell phones, iPods, iPads, laptops, etc) and dictionaries are not allowed during exams; electronic devices caught in a student's possession or on will be taken as an attempt to cheat. Students are also banned from wearing or having on their desk any kind of wristwatch/timepiece during exams (time will be displayed on either a wall clock, board or projector). During exams students may use only a non-programmable/non-graphing calculator (but lids/covers must be removed).

Missed Exam Policy:

Makeups will be granted **with approved documentation only**. Please follow these procedural instructions:

- If you have a conflict with one of the exam dates, you must seek approval from your Faculty's Academic Counselling Office for accommodation and notify me **at least one week before** the regularly scheduled exam so that I can schedule you for a makeup exam.
- If you **miss an exam** due to illness or other extenuating circumstances, you must notify me of your absence **within 24 hours of the start-time of the missed exam** and provide documentation to your Faculty's Academic Counselling Office. If you miss an exam for medical reasons, you should visit a doctor to obtain documentation of your illness (I strongly urge you to do this **the day of the missed exam**) and, when you are well enough, fill in the Student Medical Certificate form https://studentservices.uwo.ca/secure/medical_document.pdf and return it to your Faculty's Academic Counseling Office. If your Academic Counsellor and I agree that your reason for missing the exam is legitimate and supported by your documentation, you will be allowed to write a makeup exam.

Note: Make-up exams will be in the same format as the regularly scheduled exam.

Course Outline:

Introduction to Public Finance in Canada – Chapter 1

Efficiency, Markets and Government – Chapter 3, Economic Efficiency, pgs. 39-40, Appendix, pgs. 59-61, Chapter 4, Public Goods Defined, pg. 64, Horizontal Summation, p. 66, and Vertical Summation, p. 68

The Economic Roles of Government – Chapter 2, Nonexistence of Markets, p. 32, Chapter 9, The Role of Insurance, pgs. 175-184, Chapter 10, The Rationale for Public Employment Insurance, pgs. 202-203, Chapter 12, Social Welfare Programs, pgs. 240-241 and Analysis of Work Incentives, pgs. 247-251; Chapter 14, Unit Taxes on Commodities, pgs. 284-287, and Taxes on Factors: The payroll tax, pgs. 289; Chapter 15, Excess Burden Measurement with Demand Curves, pgs. 313-315

A Framework for the Analysis of Public Expenditures

- Public goods – Chapter 4
- Externalities – Chapter 5
- Income Redistribution – Chapter 6
- Fiscal Federalism – Chapter 8

Public Expenditures in Canada

- Health Care – Chapter 9
- Education – Chapter 13

Please Note

Department Policies for 2018-2019

Remember that the University expects all students to take responsibility for their own Academic Programs. Students should also check their registration to ensure they are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at: <http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” http://www.uwo.ca/univsec/pdf/academic_policies/exam/administration.pdf.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behavior. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other Economics courses or programs. The University may impose further penalties such as a notation on an official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. When taking an idea/passage from another author, it must be acknowledged with quotation marks where appropriate and referenced with footnotes or citations. Plagiarism is an academic offence (see Scholastic Discipline for Undergraduate Students in the Western Calendar at http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectCalendar=Live&ArchiveID=#Page_20).

Western University uses software to check for plagiarism and students may be required to electronically submit their work. Those found guilty will be penalized as noted in point 3.

5. It is a Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students must submit assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the Student Academic Appeals section in the current Western Academic Calendar at: http://westerncalendar.uwo.ca/PolicyPages.cfm?Command=showCategory&PolicyCategoryID=1&SelectCalendar=Live&ArchiveID=#Page_14
Please note the relevant deadlines.

The Department will not consider an appeal unless an attempt has been made to settle the matter with the instructor first. Students who remain dissatisfied with the outcome may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for their appeal. A checklist is provided at: http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals.

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following add and drop deadlines:

Deadline to add a second term half course:
Deadline to drop a second term half course:

Tuesday January 15, 2019
Thursday March 7, 2019

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is NOT grounds for a makeup. This rule applies to midterm and final exams in the Department of Economics.

Policy Regarding Makeup Tests and Final Examinations

*Academic accommodation will **not** be granted automatically on request. Students **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

Students who proceed to write a test or examination must be prepared to accept the mark. Rewriting tests or examinations, or having their value reweighted on a retroactive basis, is **not** permitted. Students must also book travel arrangements AFTER final exam dates have been posted as they must not conflict with test or final exams.

Unless medically incapable of doing so, students must notify their instructor prior to the test date or at least within **24 hours** when requesting a makeup exam. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. Students should also set up an appointment as soon as possible to meet with their instructor. If the instructor is not available, send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca. **Notifying instructors of a missed exam does not automatically entitle students to a makeup.**

Students who seek a makeup exam must also provide supporting medical or other relevant documentation that their absence from a scheduled test or exam is beyond their control. Documentation should be submitted to the Academic Counselling Office of the student's *home* Faculty **as soon as possible (preferably within 24 hours of the scheduled test)**. Failure to follow this procedure may result in denial of academic accommodation and a grade of zero. If the documentation submitted is not acceptable, students will receive a zero for the missed test.

For personal illness, students may consult Student Health Services and request a Student Medical Certificate from the physician. If assessed by an off-campus doctor, students must obtain a certificate from his/her office at the time of the visit. The off-campus medical certificate form must also be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For religious or compassionate circumstances, students should ask their Academic Counsellor what documentation to provide. If documentation is judged sufficient, the Academic Counsellor will issue a Recommendation for a Special Examination (a single form for midterms or a triple-color form for final exams). Once students have this form, they must contact their instructor as soon as possible to make arrangements. Even if approved by their Academic Counsellor, there is no guarantee that students will be allowed to write the makeup test/exam.

For final examinations, students need to seek permission from their *home* Faculty Counsellor, Instructor, and the Department Undergraduate Director. Failure to follow this procedure may result in a grade of zero. Students must ensure that the Special Examination form has been signed by the Instructor and Department Undergraduate Director and that the form is returned to the Academic Counselling Office for approval without delay. If approved, makeup examinations will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

The Faculty of Social Science's policies regarding academic accommodation is found at http://counselling.ssc.uwo.ca/procedures/having_problems/index.html. "Academic Rights and Responsibilities" are also outlined in the Western Calendar at <http://westerncalendar.uwo.ca/PolicyPages.cfm?PolicyCategoryID=1&command=showCategory&SelectedCalendar=Live&ArchiveID=>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If the instructor deems a student's class attendance as unsatisfactory, that student may be prohibited from writing the final examination. If there is intent to make use of this University policy, the student will be notified in writing.

Statement on Mental Health and Support Services

Students under emotional/mental distress should visit http://uwo.ca/health/mental_wellbeing/ for more information and a complete list of resources on how to obtain help.