

ECON 5065A: Selected Topics in Microeconomics of Economic Policy
WINTER 2023

COURSE OUTLINE (January 5 version)

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Lectures: Online synchronous via Zoom, Wednesdays 18:05-20:55 Eastern Time

Office: 5140 Richcraft Hall

Office Hours: In-person via zoom, 12-1 pm and 5-6 pm Mondays or by appointment

Carleton University acknowledges the location of its campus on the unceded and un-surrendered territories of the Algonquin Anishinaabeg people.

I. COURSE DESCRIPTION

This class addresses topics in the micro-economics of economic policy tools (taxation, transfers, and regulations on economic activity) as applied to social problems and goals including the poverty, the environment, and health.

We will begin with an overview of economic models of preferences and individual behavior (including those that incorporate social norms and bounded rationality), welfare economics and the conditions for economic efficiency, market and non-market coordination failures, and the rationale for policy intervention.

Empirical tools, including approaches to causal identification, cost-benefit analysis and cost-effectiveness analysis will be introduced. We will then read a selection of academic papers that make use of these tools, applied to public policy topics including the environment, poverty, inequality, and health, in Canada and abroad.

II. PREREQUISITES AND PRECLUSIONS

Students should normally have completed ECON 1001 (or equivalent). The course is offered in support of the Graduate Diploma in Economic Policy; however, other graduate students at Carleton University with adequate background may be admitted with permission of the Department of Economics.

III. LEARNING OUTCOMES

By the end of the course, students should be able to:

- Assess and articulate the case for or against government intervention in specific aspects of the economy using the principles of welfare economics
- Evaluate the relative merits of alternative policy options using economic principles and cost-benefit analysis
- Critically assess causal claims made in quantitative social science research papers

IV. TEXTS

Required textbook

The microeconomics of public policy analysis, L.S. Friedman 2002, Princeton University Press.

A physical copy of the textbook will be on reserve at MacOdrum Library and stocked by the Carleton University Bookstore. Ten used copies will be available for loan from the instructor, on a first-come, first-serve basis.

Supplementary textbooks

Lectures will also draw from the following supplementary texts:

Bowles, Samuel. 2004. *Microeconomics: behavior, institutions, and evolution*.

Gruber, Jonathan, G., 2011. *Public Finance and Public Policy*.

In addition to readings from the required textbook, we will read and discuss at least one academic research paper, book chapter, or policy report per week. The list in the next section may be adjusted in response to students' interests. All required papers will be available online.

V. COURSE CALENDAR

Date	Lecture topic	Readings	Assignment due
11-Jan	Utility maximization, efficiency, and equity	Chapter 3, Friedman Chapter 3, Bowles (on Brightspace)	
18-Jan	Measuring well-being; economic models of individual choice	Chapter 4, Friedman Sen, A., 1984. The living standard. <i>Oxford Economic Papers</i> , 36, pp.74-90. Kahneman, D. and Deaton, A., 2010. High income improves evaluation of life but not emotional well-being. <i>Proceedings of the National Academy of Sciences</i> , 107(38), pp.16489-16493.	Reading reflection

25-Jan	Cost-benefit analysis	Chapters 6 and 9, Friedman Frank, R.H., 2000. Why is cost-benefit analysis so controversial? <i>The Journal of Legal Studies</i> , 29(S2), pp.913-930.	Reading reflection
1-Feb	Taxation, causal identification	Chapter 19, Gruber (on Brightspace) Chetty, R., Looney, A. and Kroft, K., 2009. Salience and taxation: Theory and evidence. <i>American Economic Review</i> , 99(4), pp.1145-77.	Reading reflection Problem Set 1
8-Feb	Environment	Chapters 15 and 17, Friedman Andersson, J.J., 2019. Carbon taxes and CO ₂ emissions: Sweden as a case study. <i>American Economic Journal: Economic Policy</i> , 11(4), pp.1-30. Fuso Nerini, F., Fawcett, T., Parag, Y. and Ekins, P., 2021. Personal carbon allowances revisited. <i>Nature Sustainability</i> , 4(12), pp.1025-1031.	Reading reflection
15-Feb	Environment	Klein, S., 2020. A good war: Mobilizing Canada for the climate emergency. ecw Press. Chapters 6 & 8 Stern, N. Stiglitz, J., and Taylor, C. 2022. The economics of immense risk, urgent action and radical change: towards new approaches to the economics of climate change. <i>Journal of Economic Methodology</i> , pp.1-36.	Reading reflection
22-Feb	Break		Problem Set 2
1-Mar	Poverty and inequality: definitions and causes	Balboni, C., Bandiera, O., Burgess, R., Ghatak, M. and Heil, A., 2022. Why do people stay poor? <i>The Quarterly Journal of Economics</i> , 137(2), pp.785-844. Corak, M., 2013. Income inequality, equality of opportunity, and intergenerational mobility. <i>Journal of Economic Perspectives</i> , 27(3), pp.79-102.	Reading reflection
8-Mar	Poverty: public policy remedies	Egger, D., Haushofer, J., Miguel, E., Niehaus, P. and Walker, M., 2022. General equilibrium effects of cash transfers: experimental evidence from Kenya. <i>Econometrica</i> , 90(6), pp.2603-2643. Hussam, Reshmaan, Erin M. Kelley, Gregory Lane, and Fatima Zahra. 2022. The Psychosocial Value of Employment: Evidence from a Refugee	Reading reflection Last day to submit paper proposal

		Camp. <i>American Economic Review</i> , 112 (11): 3694-3724.	
15-Mar	Preventive health and human capital	Aguilar Gomez, S, H Dwyer, J Graff Zivin, and M Neidell 2022. This is Air: The ‘Non-Health’ Effects of Air Pollution, <i>Annual Review of Resource Economics</i> 14(2022): 403-425. Barker, N., Bryan, G.T., Karlan, D., Ofori-Atta, A. and Udry, C.R., 2021. Mental Health Therapy as a Core Strategy for Increasing Human Capital: Evidence from Ghana. National Bureau of Economic Research WP 29407.	Reading reflection
22-Mar	Preventive health interventions, physician compensation	Allcott, H., Lockwood, B.B. and Taubinsky, D., 2019. Should we tax sugar-sweetened beverages? An overview of theory and evidence. <i>Journal of Economic Perspectives</i> , 33(3), pp.202-27. Blomqvist, A. and Busby, C., 2012. How to pay family doctors: why ‘pay per patient’ is better than fee for service. CD Howe Institute Commentary, (365).	Reading reflection
29-Mar	Student presentations		Slides (for those presenting + 2% bonus)
5-Apr	Student presentations		Slides (for those presenting)
12-Apr			Term paper due

VI. EVALUATION AND EXPECTATIONS

Grades will be based on the following *preliminary* set of assignments (to be finalized by January 2). Assignments, including presentation slides, should be submitted via Brightspace.

- 30%: Two problem sets (equally weighted) based on material in the textbook and covered in lectures.
- 30%: Eight written reflections (~250-500 words) on required non-textbook readings. *Due by noon on the day the reading is to be discussed.*
- 25%: Term paper (~2,500-4,000 words) on a policy topic of the student’s choice. I will provide feedback within one week on ungraded one-page paper proposals submitted any time before March 8, but earlier submission provides the opportunity for iteration, and is strongly recommended.

- 15%: Term paper presentation (last 2 classes), graded based on content and clarity. *Slides are due before class on the day of the presentation. A bonus worth 2% of the term grade will be provided to those who present on the first day.*

Late Assignment Policy: Late reading reflections will not be accepted. Note that you only need to submit 8 of these out of a total of 9 days on which we will discuss readings. Paper presentations must likewise be submitted on time. Exceptions for the paper presentation will be made only based on documented medical conditions; in such cases the presentation may be postponed and made privately to the instructor at a later date. For other assignments (problem sets, term paper), you have 3 “grace days” (including weekend days), which you can use as needed throughout the term. Once a student uses all 3 grace days, any late assignment that would normally be eligible for grace days will face a 10% per day deduction, up to a maximum of 40% (4 days); assignments submitted after that time receive a zero. Special consideration may be given if you are dealing with a protracted medical issue for which you can provide documentation.

Standing in a course is determined by the course instructor subject to the approval of the Faculty Dean. This means that grades submitted by the instructor may be subject to revision. No grades are final until they have been approved by the Dean.

VII. ACADEMIC INTEGRITY / STATEMENT ON PLAGIARISM

Please be aware that all work submitted as a requirement of ECON 5065 must be both your own work and original to this course. Academic offences are serious infractions and will not be tolerated. Students should consult the University’s [Academic Integrity Policy](#) concerning academic integrity and instructional offences.

Plagiarism: The University Academic Integrity Policy defines plagiarism as “presenting, whether intentionally or not, the ideas, expression of ideas or work of others as one’s own.” This includes reproducing or paraphrasing portions of someone else’s published or unpublished material, regardless of the source, and presenting these as one’s own without proper citation or reference to the original source. Examples of sources from which the ideas, expressions of ideas or works of others may be drawn from include but are not limited to: books, articles, papers, literary compositions and phrases, performance compositions, chemical compounds, artworks, laboratory reports, research results, calculations and the results of calculations, diagrams, constructions, computer reports, computer code/software, output of algorithms (e.g. ChatGTP), material on the internet and/or conversations.

Examples of plagiarism include, but are not limited to:

- any submission prepared in whole or in part, by someone else (including a computer algorithm);
- using ideas or direct, verbatim quotations, paraphrased material, algorithms, formulae,

scientific or mathematical concepts, or ideas without appropriate acknowledgment in any academic assignment;

- using another's data or research findings without appropriate acknowledgement;
- submitting a computer program developed in whole or in part by someone else, with or without modifications, as one's own; and
- failing to acknowledge sources through the use of proper citations when using another's work and/or failing to use quotations marks.

Plagiarism is a serious offence that cannot be resolved directly by the course's instructor. The Associate Dean of the Faculty conducts a rigorous investigation, including an interview with the student, when an instructor suspects a piece of work has been plagiarized. Penalties are not trivial. They can include a final grade of "F" for the course.

VIII. REQUESTS FOR ACADEMIC ACCOMMODATIONS

Carleton University is committed to providing access to the educational experience in order to promote academic accessibility for all individuals. Academic accommodation refers to educational practices, systems and support mechanisms designed to accommodate diversity and difference. The purpose of accommodation is to enable students to perform the essential requirements of their academic programs. At no time does academic accommodation undermine or compromise the learning objectives that are established by the academic authorities of the University.

You may need special arrangements to meet your academic obligations during the term. For an accommodation request the processes are as follows:

Pregnancy obligation: write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For accommodation regarding a formally-scheduled final exam, you must complete the Pregnancy Accommodation Form: <https://carleton.ca/equity/contact/form-pregnancy-accommodation/>

Religious obligation: write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details see <https://carleton.ca/equity/focus/discrimination-harassment/religious-spiritual-observances/>.

Academic Accommodations for Students with Disabilities: The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact

PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your Letter of Accommodation at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (if applicable). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

Survivors of Sexual Violence: As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and where survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: <https://carleton.ca/equity/sexual-assault-support-services>

Accommodation for Student Activities: Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation will be provided to students who compete or perform at the national or international level. Write to me with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>