



**ECON 5065 Current debates in microeconomic policy analysis
Winter 2024 (week of January 8 – April 10)**

COURSE INFORMATION

Instructor: Vivian Hoffmann
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Instructor Office hours: by appointment

Classroom: Online, synchronous
Time: Tues / Thur 6:05-7:25
Link to Brightspace Course Page:
<https://brightspace.carleton.ca/d2l/home/221317>

LAND ACKNOWLEDGEMENT

Carleton University acknowledges the location of its campus on the traditional, unceded territory of the Algonquin Anishinabeg people.

I. COURSE DESCRIPTION

This class provides a non-technical introduction to current policy debates – primarily on climate change, poverty and inequality, and touching on public health and immigration, from a micro-economic perspective. Class meetings will consist of both lectures and discussion of assigned readings.

We will begin with an overview of the standard economic model of utility maximization, welfare economics, and the conditions for economic efficiency, and then introduce models that incorporate deviations from perfect rationality, other-regarding preferences, and preference endogeneity. The concept of externalities will be introduced, with applications to public health and environmental policy. We will discuss how standard economic models and associated policy conclusions are affected by non-standard assumptions.

II. PRECLUSIONS

None

III. LEARNING OUTCOMES

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

- Understand the economic tools used to analyze climate change, poverty, and inequality
- Critique and compare economic models as applied to these topics
- Articulate economic arguments related to a current policy debate

COURSE EXPECTATIONS

We will meet for two scheduled 1 hour and 20-minute meetings per week. Students are expected to have read the week's readings ahead of time, and come to class ready to participate in an informed discussion of these. If participation lags, I reserve the right to require that written reflections on readings are submitted ahead of each class.

IV. TEXTS

- Gruber, Jonathan. Public finance and public policy, 3rd edition. Macmillan, 2010. (via Brightspace)

All readings will be made available via Brightspace.

V. COURSE CALENDAR

Readings marked with a * are required and will be discussed in class. Other readings provide additional background and will be drawn on in lectures. Timeline is approximate; some sections may take less or more time than anticipated. Course material and topics, especially from class 13 onward, may be adjusted slightly based on our pace and students' interests.

1. Foundations

Class 1: Introduction and overview

Class 2: Basic models of economic decision-making and social efficiency

- * Gruber Ch 2 - Theoretical Tools of Public Finance

Class 3: What should we be maximizing?

- * Kahneman, Daniel, and Angus Deaton. "High income improves evaluation of life but not emotional well-being." *Proceedings of the National Academy of Sciences* 107, no. 38 (2010): 16489-16493.
- * Sen, A., 1984. The Living Standard. *Oxford Economic Papers*, 36, pp.74-90.

Class 4: Social determinants of behavior

- * Hoff, K. and Stiglitz, J.E., 2016. Striving for balance in economics: Towards a theory of the social determination of behavior. *Journal of Economic Behavior & Organization*, 126, pp.25-57.

2. Climate change

Class 5: Externalities

- Gruber Ch 5 – Externalities

Class 6: The social cost of carbon

- * Pindyck, R.S., 2017. The use and misuse of models for climate policy. *Review of Environmental Economics and Policy*.

- Chapter 14: The Social Cost of Carbon, OECD (2018), *Cost-Benefit Analysis and the Environment: Further Developments and Policy Use*, OECD Publishing, Paris, <https://doi.org/10.1787/9789264085169-en> (selections)

Class 7: Efficient abatement

- * Blanchard, O., Gollier, C. and Tirole, J., 2023. The portfolio of economic policies needed to fight climate change. *Annual Review of Economics*, 15(1), pp.689-722.
- Gillingham, K. and Stock, J.H., 2018. The cost of reducing greenhouse gas emissions. *Journal of Economic Perspectives*, 32(4), pp.53-72

Class 8: Politics of climate change

- * Douenne, T. and Fabre, A., 2022. Yellow vests, pessimistic beliefs, and carbon tax aversion. *American Economic Journal: Economic Policy*, 14(1), pp.81-110.

Class 9: Distributional considerations

- * Chancel, L., 2022. Global carbon inequality over 1990–2019. *Nature Sustainability*, 5(11), pp.931-938.
- * Fuso Nerini, F., Fawcett, T., Parag, Y. and Ekins, P., 2021. Personal carbon allowances revisited. *Nature Sustainability*, 4(12), pp.1025-1031.
- Chichilnisky, G. and Heal, G., 1994. Who should abate carbon emissions?: An international viewpoint. *Economics Letters*, 44(4), pp.443-449.

Class 10: Social norms and endogenous preferences in environmental policy

- * Mattauch, L., Hepburn, C., Spuler, F. and Stern, N., 2022. The economics of climate change with endogenous preferences. *Resource and Energy Economics*, 69, p.101312.
- Allcott, H., 2011. Social norms and energy conservation. *Journal of Public Economics*, 95(9-10), pp.1082-1095.

Class 11 *February 13: Mid-term oral exam* (20-30 minutes each)

Class 12 (February 14-16): Individual meetings with the instructor to discuss proposed paper topics

READING WEEK – NO CLASSES (February 20-27)

3. Public health

Class 13: Public health under imperfect self-control

- * Allcott, H., Lockwood, B.B. and Taubinsky, D., 2019. Should we tax sugar-sweetened beverages? An overview of theory and evidence. *Journal of Economic Perspectives*, 33(3), pp.202-227.
- Sadoff, S., Samek, A. and Sprenger, C., 2020. Dynamic inconsistency in food choice: Experimental evidence from two food deserts. *The Review of Economic Studies*, 87(4), pp.1954-1988.

4. Poverty and inequality

Class 14: Poverty in less developed economies

- * Balboni, C., Bandiera, O., Burgess, R., Ghatak, M. and Heil, A., 2022. Why do people stay poor? *The*

Quarterly Journal of Economics, 137(2), pp.785-844.

- Kraay, A. and McKenzie, D., 2014. Do poverty traps exist? Assessing the evidence. *Journal of Economic Perspectives*, 28(3), pp.127-148.

Class 15: Poverty and social assistance in Canada

- * Gruber, J., 2000. Disability insurance benefits and labor supply. *Journal of Political Economy*, 108(6), pp.1162-1183.
- Raphael, D., 2020. *Poverty in Canada: Implications for health and quality of life*. Canadian Scholars.
- Laidley, Jennefer, and Mohy Tabbara. 2022. *Welfare in Canada, 2021*.
- Baker, M., Messacar, D. and Stabile, M., 2023. Effects of Child Tax Benefits on Poverty and Labor Supply: Evidence from the Canada Child Benefit and Universal Child Care Benefit. *Journal of Labor Economics*, 41(4), pp.1129-1182.

Class 16: Neighbourhood effects

- * Chetty, R., Hendren, N. and Katz, L.F., 2016. The effects of exposure to better neighborhoods on children: New evidence from the moving to opportunity experiment. *American Economic Review*, 106(4), pp.855-902.

Class 17: Inequality

- * Roemer, John E. "Equality of Opportunity." in *Meritocracy and Economic Inequality*, edited by Kenneth Arrow et al., Princeton University Press, 2000, pp. 17–32.
- * Corak, M., 2013. Income inequality, equality of opportunity, and intergenerational mobility. *Journal of Economic Perspectives*, 27(3), pp.79-102.

Class 18: Technology, inequality, and production-stage policy approaches

- * Acemoglu, D., 2003. Technology and inequality. *NBER Reporter*.
- * Rodrik, D. and Stantcheva, S., 2021. Fixing capitalism's good jobs problem. *Oxford Review of Economic Policy*, 37(4), pp.824-837.
- Acemoglu, D. and Restrepo, P., 2022. Tasks, automation, and the rise in US wage inequality. *Econometrica*, 90(5), pp.1973-2016.

March 14: Policy critique and proposal part 1 due

Class 19: Canada's housing crisis

- * Pomeroy, S. and MacLennan, D., 2019. Rental Housing in Canada's Cities: Challenges & Responses. Urban Project.

Classes 20: Individual meetings with instructor to discuss progress on policy critique and proposal

5. Immigration

Classes 21-22: Immigration and economic growth

- * Doyle, M., Skuterud, M. and Worswick, C., 2023. The economics of Canadian immigration levels (No. 58). Working Paper Series.

Classes 23-24: Student presentations of term projects

April 25: Policy critique and proposal part 2 due**VI. EVALUATION**

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.

In-class participation (throughout the term)	20%
Oral midterm exam (February 13)	15%
Policy critique and proposal part 1 (March 14)	10%
Presentation of policy assignment (April 4 – 6)	15%
Oral final exam (to be scheduled, April 13 - 25)	25%
Policy critique and proposal part 2 (April 25)	15%

All written work, including presentation slides, should be submitted via Brightspace by the time class starts on the due date. Assignments due on a date when no class is scheduled are due by midnight. Late assignments will not be accepted and a grade of zero will be entered.

In-class participation

I will call on students to answer questions about the readings. Participation will be evaluated based on students' demonstration that they have completed the assigned readings, their understanding of this material, and their ability to integrate and apply the ideas.

Oral midterm exam

The midterm exam will cover material covered in class and assigned readings up to the exam date. Students will answer questions about this material in individual online meetings with the instructor in a meeting lasting 20 to 30 minutes.

Oral final exam

The final exam will cover all material covered in class and assigned readings up to the end of the class. Students will answer questions about this material in individual online meetings with the instructor in a meeting lasting up to 45 minutes.

Policy critique and proposal

You will be required to submit a policy critique and proposal in two parts during the semester. In the first part, you will identify and describe a policy of a particular country or subnational entity related to the environment, public health, poverty, inequality, or immigration policy (maximum of 1,000 words). The jurisdiction and policy are to be chosen by the student subject to the approval of the instructor. Each student in the class must work on a different policy/jurisdiction combination. The second assignment will incorporate the instructor's feedback from the first assignment, critique the existing policy, and propose and justify a beneficial change to the policy (maximum of 2,500 words).

Presentation of policy critique and proposal

Students will present their analysis of a policy issue of their choice during the final week of class. Presentations should include a description of the problem, apply an economic framework to analyze the issue, and come to a recommendation for either action or specific further investigation.

Letter grade	CU grade points	Indicates that work is:	% Range	Explanation
A+	12	Outstanding	90-100	For written work, virtually publishable. Demonstrates exceptional evaluative judgment, outstanding critical thinking, and mastery of technical as well as literary aspects of writing.
A	11	Excellent	85-89	Demonstrates superior grasp of material, very strong critical thinking, and capacity to understand and extend underlying patterns.
A-	10	Very Good	80-84	Demonstrates strong grasp of material, its component parts, and capacity to analyze their relationships to each other.
B+	9	Good	77-79	Demonstrates clear understanding of material and ability to apply concepts. Written work is competent.
B	8	Satisfactory	73-76	Satisfactory, but below average. Demonstrates comprehension of material, reasonable but not strong analytical capacity, with some limitations in the ability to apply concepts.
B-	7	Barely Adequate	70-72	Clearly below average. Demonstrates comprehension and understanding, with limited capacity for application. Communication skills problematic.
C+	6	Less Than Adequate	67-69	Did not demonstrate an adequate understanding of the material or the ability to apply the concepts. Writing and/or presentations show serious problems.
C to D-			50-66	Grades in this range indicate work that is passable in some respects but does not meet the standards of graduate work.
F			Failure	Did not meet minimal requirements.

VII. PLAGIARISM

Please be aware that all work submitted as a requirement of ECON 5065 must be both your own work and produced specifically for 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.

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, 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 the unauthorized use of generative AI tools (e.g. ChatGPT);
- 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.

Use of AI

For ECON 5065, when students use AI and AI-assisted technologies such as Elicit and ChatGPT in the writing process, these technologies should only be used to identify sources and to improve the readability and language of the work and not to replace key authoring tasks such as synthesizing, knowledge, drawing conclusions, or making recommendations. Applying the technology should be done with human oversight and control and all work should be reviewed and edited carefully, because AI can generate authoritative-sounding output that can be incorrect, incomplete, or biased. Students are ultimately responsible and accountable for the contents of the work. Students must disclose and describe any use of AI and AI-assisted technologies. Unauthorized use of generative AI tools for scholarly work may be considered an offence under Carleton's Academic Integrity Policy. This policy is a modified version of the AI policy adopted by the academic publisher [Elsevier](#).

VIII. INTELLECTUAL PROPERTY

Classroom teaching and learning activities, including lectures, discussions, presentations, etc. – by both instructors and students – are copy protected and remain the intellectual property of their respective author(s). All course materials, including PowerPoint presentations, outlines, and other materials, are also protected by copyright and remain the intellectual property of their respective author(s).

Students registered in the course may take notes and make copies of course materials for their own educational use only. Students are not permitted to reproduce or distribute lecture notes and course materials publicly for commercial or non-commercial purposes without express written consent from the copyright holder(s).

IX. ANTI-RACISM, EQUITY, DIVERSITY AND INCLUSION

Carleton University's [Equity, Diversity and Inclusion \(EDI\) Action Plan](#)
 Indigenous Strategy [Kinàmàgawin](#)

For confidential inquiries related to harassment, discrimination and Accommodation response, please contact equity@carleton.ca.

Indigenous studies at Carleton

Students who wish to learn more about Indigenous programming at Carleton are encouraged to contact the Community Coordinator and Administrator, Indigenous Policy and Administration at IPA@carleton.ca. Also, for information about Carleton's Centre for Indigenous Initiatives and the *Ojigkwanong Indigenous Student Centre* (Patterson Hall 228), please visit <https://carleton.ca/indigenous/>.

X. STATEMENT ON STUDENT MENTAL HEALTH

As a university student you may experience a range of mental health challenges that significantly impact your academic success and overall well-being. If you need help, please speak to someone. There are numerous resources available both on- and off-campus to support you. Here is a helpful list of resources:

Emergency Resources (on and off campus): <https://carleton.ca/health/emergencies-and-crisis/emergency-numbers/>

Carleton Resources:

- Mental Health and Wellbeing: <https://carleton.ca/wellness/>
- Health & Counselling Services: <https://carleton.ca/health/>
- Paul Menton Centre: <https://carleton.ca/pmc/>
- Academic Advising Centre (AAC): <https://carleton.ca/academicadvising/>
- Centre for Student Academic Support (CSAS): <https://carleton.ca/csas/>
- Equity & Inclusivity Communities: <https://carleton.ca/equity/>

Off Campus Resources:

- Distress Centre of Ottawa and Region: (613) 238-3311 or TEXT: 343-306-5550, <https://www.dcottawa.on.ca/>
- Mental Health Crisis Service: (613) 722-6914, 1-866-996-0991, <http://www.crisisline.ca/>
- Empower Me: 1-844-741-6389, <https://students.carleton.ca/services/empower-me-counselling-services/>
- Good2Talk: 1-866-925-5454, <https://good2talk.ca/>
- The Walk-In Counselling Clinic: <https://walkincounselling.com>

XI. ACADEMIC ACCOMMODATIONS

Carleton is committed to providing academic accessibility for all individuals. Please review the [processes for academic accommodation requests](#) and ensure the link to this information is included in all course outlines/syllabi for courses you are teaching this academic year.

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, please request your accommodations for this course through the [Ventus Student Portal](#) 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). Requests made within two weeks will be reviewed on a case-by-case basis. For final exams, the deadlines to request accommodations are published in the [University Academic Calendars](#). 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>