Public Economics: Expenditure  
ECO 6130  
Professor: Adam Lavecchia  
Fall 2017

COURSE OUTLINE

Class schedule:  
Tuesday, 8:30 am - 11:30 am  
Faculty of Social Sciences (FSS), Room 9003

Professor’s office hours:  
Tuesday, 12:30 pm - 2:00 pm  
Faculty of Social Sciences (FSS), Room 9034.

E-mail:  
alavecch@uottawa.ca

In general, email is not the best way to communicate questions about course material or assignments. These types of questions should be asked during office hours. Consequently, I will only respond to emails that deal with administrative issues (e.g. missing an assignment because of illness). Note that the professor reserves the right not to answer an email if the level of language used is inadequate.

On virtual campus:  
Yes

OFFICIAL COURSE DESCRIPTION

The theory of public expenditures. Social insurance and redistribution, public provision of health care and education, public pension systems, and underemployment insurance. This race is equivalent to ECON 5401 at Carleton University.

GENERAL COURSE OBJECTIVES

This course is the first in a two-part graduate sequence in Public Economics at the Ottawa-Carleton Graduate School of Economics (OCGSE). We will explore the different rationales for government intervention in market economics and focus on topics such as externalities, public goods, social insurance, fiscal federalism and pensions and
retirement saving. The course will combine insights from economic theory and empirical evidence in order to understand how the behavior of economic agents and to inform policy debates.

By the end of the course, you should: (i) have a good understanding the basic theory that graduate students of Public Economics should know; (ii) be familiar with the theoretical and empirical research papers covered throughout the course; and (iii) be able to critique existing research, with the aim of identifying promising areas for future research (including your own research).

EVALUATION

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Midterm exam (October 17, 2017)</td>
<td>20%</td>
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<tr>
<td>Class presentation</td>
<td>15%</td>
</tr>
<tr>
<td>Research proposal (December 12, 2017)</td>
<td>25%</td>
</tr>
<tr>
<td>Final exam (DATE TBA)</td>
<td>40%</td>
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Details about the research proposal and class presentation will be provided later in the semester.

Policy on Absences from a Midterm/Final Exam or Late Submissions

The class presentation, research proposal and exams are not optional. Should you miss your class presentation or an exam due to illness, you will have to provide me with an official medical certificate. Only medical certificates from the College of Physicians and Surgeons of Ontario and the College of Psychologists of Ontario, or their Quebec equivalents, are considered to be valid medical certificates. Certificates from naturopaths, homeopaths, doctors of traditional Chinese medicine, etc., will not be accepted.

Absence from any examination or test, or late submission of assignments due to illness must be justified; otherwise a penalty will be imposed. The Faculty reserves the right to accept or reject the reason offered. Reasons such as travel, employment, and misreading of the examination schedule are not usually accepted.

If you miss the midterm exam because of illness you must present an official medical certificate and submit a “Request for a Deferred Mark” form (https://socialsciences.uottawa.ca/sites/socialsciences.uottawa.ca/files/request-deferred-mark.pdf) to the department office as soon as possible. If your request is accepted, the full weight of the midterm will be transferred to the final exam. If you miss your class presentation because of illness and your medical certificate is accepted, you will be required to schedule a presentation with me as soon as possible. If you are unable to submit your research proposal on time because of illness and your medical certificate is accepted, then you will be required to contact me to approve a new due date as soon as possible.

If you miss the final exam because of illness you must present an official medical certificate and submit a “Request for a Deferred Mark” form (https://socialsciences.uottawa.ca/sites/socialsciences.uottawa.ca/files/request-deferred-mark.pdf) to the department office as soon as possible. Deferred final exams for the fall session will be held on January 5, 2018.

Each day of (unexcused) late submission results in a penalty of 5% (weekends not excluded). This also applies to assignments sent by email, and in this case, the time of receipt of the email by the recipient is guarantor of the time of delivery.

Please advise me as soon as possible if a religious holiday or event forces your absence during an evaluation.
Textbooks

There is no mandatory textbook for this course. My lecture notes will sometimes draw on material from Angrist and Pischke (2009), Atkinson and Stiglitz (2015), Tresch (2015) and Varian (1992). Each of these books is on reserve at the Morisset Library. However, my lecture slides are meant to be self-contained and most of the readings will come from reports and journal articles that are available online at the library’s website. That being said, the following books are excellent resources, especially for students planning to study public economics at the Ph.D. level.

References on economic theory


References on econometrics


References on writing


LECTURE SCHEDULE

<table>
<thead>
<tr>
<th>Lecture Number</th>
<th>Date</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>September 12</td>
<td>Introduction and Refresher on Empirical Methods</td>
</tr>
<tr>
<td>2</td>
<td>September 19</td>
<td>Welfare Economics and the Efficiency Cost of Government Policies</td>
</tr>
<tr>
<td>3</td>
<td>September 26</td>
<td>Externalities: Part I (Theory)</td>
</tr>
<tr>
<td>4</td>
<td>October 3</td>
<td>Externalities: Part II (Empirics)</td>
</tr>
<tr>
<td>5</td>
<td>October 10</td>
<td>Public Goods</td>
</tr>
<tr>
<td>6</td>
<td>October 17</td>
<td>Midterm</td>
</tr>
<tr>
<td>7</td>
<td>October 31</td>
<td>Asymmetric Information, Moral Hazard and Social Insurance: Part I</td>
</tr>
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LECTURE SCHEDULE WITH READING LIST

The readings marked with an asterisk * are mandatory and will be covered in class.

Section I: Introduction and Refresher on Empirical Methods (September 12)

   Chapters 1, 2, 3 (sections 3.1 and 3.2 only), 4 (section 4.1 only), 5 (sections 5.1 and 5.2 only), and 6


   Chapter 1

   Chapter 1

Section II: Welfare Economics and the Efficiency Cost of Government Policies (September 19)

   Chapter 11


   Chapters 2, 3 and 4
Section III: Externalities (September 26 and October 3)

Part I: Theory (September 26)


Chapters 5, 6, 7 and 22

Part II: Empirics (October 3)


Section IV: Public Goods (October 10)


Section V: Asymmetric Information, Moral Hazard and Social Insurance (October 31 and November 7)

Part I (October 31)


Chapter 20

**Part II (November 7)**


**Section VI: Fiscal Federalism (November 14)**


Section VII: Public Pensions, Social Security and the Economics of Retirement Saving (November 21)


ACADEMIC INTEGRITY

Academic fraud is an act committed by a student to distort the marking of assignments, tests, examinations, and other forms of academic evaluation. Academic fraud is neither accepted nor tolerated by the University. Anyone found guilty of academic fraud is liable to severe academic sanctions.

Here are a few examples of academic fraud:

• engaging in any form of plagiarism or cheating;
• presenting falsified research data;
• handing in an assignment that was not authored, in whole or in part, by the student;
• submitting the same assignment in more than one course, without the written consent of the professors concerned.

In recent years, the development of the Internet has made it much easier to identify academic plagiarism. The tools available to your professors allow them to trace the exact origin of a text on the Web, using just a few words.
In cases where students are unsure whether they are at fault, it is their responsibility to consult the University’s Web site at the following address: [http://www.uottawa.ca/academic-regulations/academic-fraud.html](http://www.uottawa.ca/academic-regulations/academic-fraud.html) « Tools for Writing Papers and Assignments ».

Persons who have committed or attempted to commit (or have been accomplices to) academic fraud will be penalized. Here are some examples of the academic sanctions, which can be imposed:

- a grade of « F » for the assignment or course in question;
- an additional program requirement of between 3 and 30 credits;
- suspension or expulsion from the Faculty.

Last session, most of the students found guilty of fraud were given an « F » for the course and had between three and twelve credits added to their program requirement.

**RESOURCES FOR STUDENTS**

**Mentoring Centre - [https://sass.uottawa.ca/en/mentoring](https://sass.uottawa.ca/en/mentoring)**

The goal of the Mentoring Centre is to help students with their academic and social well-being during their time at the University of Ottawa. Regardless of where a student stands academically, or how far along they are in completing their degree, the mentoring centre is there to help students continue on their path to success.

A student may choose to visit the mentoring centre for very different reasons. Younger students may wish to talk to their older peers to gain insight into programs and services offered by the University, while older student may simply want to brush up on study and time management skills or learn about programs and services for students nearing the end of their degree.

In all, the Mentoring Centre offers a place for students to talk about concerns and problems that they might have in any facet of their lives. While students are able to voice their concerns and problems without fear of judgment, mentors can garner further insight in issues unique to students and find a more practical solution to better improve the services that the Faculty of Social Sciences offers, as well as the services offered by the University of Ottawa.

**Academic Writing Help Centre - [http://www.sass.uottawa.ca/writing](http://www.sass.uottawa.ca/writing)**

At the AWHC you will learn how to identify, correct and ultimately avoid errors in your writing and become an autonomous writer. In working with our Writing Advisors, you will be able to acquire the abilities, strategies and writing tools that will enable you to:

- Master the written language of your choice
- Expand your critical thinking abilities
- Develop your argumentation skills
- Learn what the expectations are for academic writing

**Career Services - [http://www.uottawa.ca/career-development-centre/](http://www.uottawa.ca/career-development-centre/)**

Career Services offers various services and a career development program to enable you to recognize and enhance the employability skills you need in today's world of work.
Counselling Service - [http://www.sass.uottawa.ca/personal/](http://www.sass.uottawa.ca/personal/)

**Access Service** - [http://www.sass.uottawa.ca/acces/](http://www.sass.uottawa.ca/acces/)
The Access Service contributes to the creation of an inclusive environment by developing strategies and implementing measures that aim to reduce the barriers to learning for students who have learning disabilities, health, psychiatric or physical conditions.

**Student Resources Centre - [http://www.uottawa.ca/communitylife/](http://www.uottawa.ca/communitylife/)**

The University of Ottawa does not tolerate any form of sexual violence. Sexual violence refers to any act of a sexual nature committed without a consent, such as rape, sexual harassment or online harassment. The University, as well as student and employees associations, offers a full range of resources and services allowing members of our community to receive information and confidential assistance and providing for a procedure to report an incident or make a complaint. For more information, visit the website listed above.