

MPA 876, *Instruments and Institutions of Public Finance in Canada*

School of Policy Studies, Queen's University

Fall 2018

Instructor: Eugene Lang

Thursdays, 2:30-5:20 p.m.

Robert Sutherland Hall Rm. 448

Office Hours: Mondays 12:00-2:00 p.m. (by apt)

Rm. 330, Robert Sutherland Hall

This course is an introduction to public finances in Canada, with an emphasis on the federal government. It is based on the idea that the central political function of modern government is the raising, spending and allocating of money/revenue, and that this function is governed by certain critical institutions in Canada's Westminster system of government.

The course, therefore, is designed to provide students with a basic grounding in the key public finance policy instruments and the institutions that govern them. The course will also provide students with an understanding of the political economy of public finance in Canada.

Teaching will take the form of lectures, required readings and class discussions. Students will be expected to contribute to weekly classroom discussions and will be graded on their participation. The course assumes no prior knowledge of the subject matter.

Course Evaluation

Students will choose a topic that interests them within the mandate of the course, subject to the instructor's approval. Throughout the term students will produce the following two pieces of work on the topic:

- An introductory Powerpoint presentation, twenty minutes in duration, to receive feedback from colleagues and the instructor to help shape a final paper on the topic. This assignment is worth 20% of the final grade;

- A final paper on the topic, due on the final day of class. This assignment is worth 50% of the final grade

In addition, students will write an exam in November worth 30% of the final grade.

Course Outline

September 13

Overview, structure and goals for the course
The centrality of finance in public policy

The evolution of public finance in Canada—the Keynesian revolution and the neoliberal counter-revolution

September 20

Revenue Instruments

Readings

Eugene Lang and Philip DeMont, “A Brief, Potted History of Ottawa’s Tax Cutting Mania”, in Alex Himelfarb and Jordan Himelfarb eds., *Tax is Not a Four Letter Word*

Parliamentary Budget Officer, *Federal User Charges*, September 5, 2012
http://www.pbo-dpb.gc.ca/files/files/Publications/Federal_User_Charges_EN.pdf

Finance Canada, *Budget 2000: Five Year Tax Reduction Plan*
<http://fin.gc.ca/budget00/tax/tax1-eng.asp>

Caledon Institute of Social Policy, “Re-thinking Income Support: A Guaranteed Annual Income”, Library of Parliament Seminar Series, April 11, 2008
http://www.tvo.org/theagenda/resources/pdf/2010-04-28_GuaranteedAnnualIncome02.pdf

September 27

Evolution of federal tax policy, the political economy of and economic rationales for various tax reforms

Readings

Eugene Lang and Philip DeMont, "A Brief, Potted History of Ottawa's Tax Cutting Mania", in Alex Himelfarb and Jordan Himelfarb eds., *Tax is Not a Four Letter Word*

Geoffrey Hale, *The Politics of Taxation in Canada*, Part II

Department of Finance, *Securing Economic Renewal*, The Budget Speech, February 10, 1988 <http://www.budget.gc.ca/pdfarch/1988-sd-eng.pdf>

Department of Finance, *Better Finances, Better Lives*, The Budget Speech 2000, February 28, 2000, <http://fin.gc.ca/budget00/pdf/speeche.pdf>

Department of Finance, *Economic Statement and Budget Update, 2000*, <http://www.collectionscanada.gc.ca/webarchives/20071115090700/http://www.fin.gc.ca/toce/2000/ec00e.htm>

Department of Finance, *Focusing on Priorities*, The Budget Speech 2006, <http://fin.gc.ca/budget06/pdf/speeche.pdf>

Chris Edwards and Daniel J. Mitchell, *Global Tax Revolution: The Rise of Tax Competition and the Battle to Defend it*, Washington, D.C. : Cato Institute, 2008, Chapter 3

October 4

Mandate/role of Finance Canada and the Bank of Canada.

Readings

About Finance Canada, <http://www.fin.gc.ca/afc/index-eng.asp>

Department of Finance Organization Structure, <http://www.fin.gc.ca/afc/org-eng.asp>

Donald Savoie, *Governing from the Centre: The Concentration of Power in Canadian Politics*, 1999, Part 2, chapter 6

Calum M. Carmichael, "Banking on Transparency: An Interpretation of Recent Changes at the Bank of Canada", in Gene Swimmer ed., *How Ottawa Spends, 1996-97*

Bank of Canada, *Annual Report, 2011*, (especially pages 1-24), <http://www.bankofcanada.ca/wp-content/uploads/2012/04/annualreport2011.pdf>

Bank of Canada, *Monetary Policy Report, July 2012*, “Canada’s Inflation Control Strategy”. <http://www.bankofcanada.ca/wp-content/uploads/2012/07/mpr-july2012.pdf>

Bank of Canada, *Monetary Policy: Introduction*,
<http://www.bankofcanada.ca/monetary-policy-introduction/>

Christopher Ragan, *Bank of Canada Review*, winter 2006-07, “Why Monetary Policy Matters: A Canadian Perspective”
http://people.mcgill.ca/files/christopher.ragan/WhyMPMatters_abridged.pdf

October 11

Mandate/role of Treasury Board/Treasury Board Secretariat and Privy Council Office in the public finance domain.

Readings

Donald Savoie, *Governing from the Centre: The Concentration of Power in Canadian Politics*, Part 2, chapters 5 and 7

Evert A. Lindquist, “On the Cutting Edge: Program Review, Government Restructuring, and the Treasury Board of Canada”, in Gene Swimmer ed., *How Ottawa Spends, 1996-97*

Treasury Board of Canada: History, Organization and Issues
<http://mapleleafweb.com/features/treasury-board-canada-history-organization-and-issues>

Treasury Board of Canada Secretariat, <http://www.tbs-sct.gc.ca/tbs-sct/index-eng.asp>

October 18

The Budget process; the evolution of Budgets; the role of Parliament in public finance.

Readings

Government of Canada, *2012-13 Estimates, Parts 1 and 2, The Government Expenditure Plan and Main Estimates*, pp. 5-24, <http://www.tbs-sct.gc.ca/est-pre/20122013/me-bpd/docs/me-bpd-eng.pdf>

2012 Federal Budget, *Jobs, Growth and Long Term Prosperity*, Economic Action Plan

Budget Plan, 1995

Donald Savoie, *Governing from the Centre: The Concentration of Power in Canadian Politics*, Part 2, chapter 7

Eugene Lang, "The Fifteen Year Tyranny of the Finance Department", *Ottawa Citizen*, <http://www2.canada.com/ottawacitizen/news/archives/story.html?id=186e4c0c-5d24-4b32-9457-8a4a67be0e12>

Geoffrey Hale, *The Politics of Taxation in Canada*, Chapter 4

October 25

Deficits and fiscal crises

Readings

Jocelyn Bourgon, "Program Review: The Government of Canada's Experience Eliminating the Deficit, 1994-99", CIGI, Institute for Government, <http://www.instituteforgovernment.org.uk/sites/default/files/publications/Program%20Review.pdf>

Evert A. Lundquist, "On the Cutting Edge: Program Review, Government Restructuring, and the Treasury Board of Canada", Gene Swimmer ed., *How Ottawa Spends, 1996-97, Life Under the Knife*

Gilles Paquet and Robert Shepherd, "The Program Review Process: A Deconstruction", Gene Swimmer ed., *How Ottawa Spends, 1996-97, Life Under the Knife*

Department of Finance, *Agenda: Jobs and Growth, A New Framework for Economic Policy*, http://www.fin.gc.ca/archive/nfrmrkecpol_e.pdf (especially chapter 10)

Department of Finance, *Budget Plan, 1995*, <http://fin.gc.ca/budget95/binb/budget1995-eng.pdf>

Geoffrey Hale, *The Politics of Taxation in Canada*, Chapter 9

November 1

The Public Finance Challenge Function: The Mandate/role of the Auditor General and the Parliamentary Budget Officer.

Readings

Parliamentary Budget Officer, *Budget and Expenditure Reporting to Parliament: Strengthening Transparency and Oversight in an Era of Fiscal Consolidation*, April 25, 2012

Parliamentary Budget Officer, A Comparison of Finance Canada and PBO Estimates of the Government of Canada's Structural Budget Balance, Ottawa, Canada December 12, 2011, http://www.pbo-dpb.gc.ca/files/files/Publications/CABB_comparison.pdf

Lindsay McGlashan, The Office of the Auditor General of Canada: Beyond Bean Counting, Library of Parliament, 2011 (revised 2014)
<http://www.parl.gc.ca/Content/LOP/ResearchPublications/2011-71-e.pdf>

Office of the Auditor General, About Us, http://www.oag-bvg.gc.ca/internet/English/au_fs_e_43.html

Auditor General of Canada, 2012 Spring Report, http://www.oag-bvg.gc.ca/internet/English/parl_oag_201204_e_36455.html

November 8

Examination

November 15

Expenditure Management Systems and Trends

Readings

An Abridged History of Major Expenditure Management Reforms in the Canadian Federal Government, <http://www.aucc.ca/pdf/english/programs/cepra/outline%20of%20annotated%20histor.pdf>

Treasury Board, The New Expenditure Management System, 1995

Gilles Paquet and Robert Shepherd, "The Program Review Process: A Deconstruction", Gene Swimmer ed., *How Ottawa Spends, 1996-97, Life Under the Knife*

Parliament of Canada, Library of Parliament, Expenditure Review 2004,
<http://publications.gc.ca/collections/Collection-R/LoPBdP/EB-e/prb0427-e.pdf>

Department of Finance, Expenditure Review for Sound Financial Management, 2005,
<http://www.fin.gc.ca/budget05/pdf/bkexpe.pdf>

Treasury Board Secretariat, Preparing and Using Results-based Management and Accountability Frameworks, Appendix B, Expenditure Review Committee Questions,
<http://www.tbs-sct.gc.ca/cee/pubs/guide/prep-rmaf-cgrr-eng.asp#toc93851674>

Budget and Expenditure Reporting to Parliament: Strengthening Transparency and Oversight in an Era of Fiscal Consolidation, April 25, 2012 http://www.parl.gc.ca/PBO-DPB/documents/Budget_and_Expenditure_Reporting_EN.pdf

November 22

Fiscal Federalism: Introduction to the basic concepts, instruments, evolution and political economy of fiscal federalism in Canada.

Readings

Federal Transfers to Provinces and Territories, <http://www.fin.gc.ca/access/fedprov-eng.asp#Major>

Robin Boadway, “Taxes and Transfers in Canada : The Federal Dimension”, in Alex Himelfarb and Jordan Himelfarb eds., *Tax is Not a Four Letter Word*, Waterloo, Ont.: Wilfred Laurier University Press, 2013

Robin Boadway, Options for Fiscal Federalism, Royal Commission on Renewing and Strengthening our Place in Canada, March 2003,
<http://www.gov.nl.ca/publicat/royalcomm/research/Boadway.pdf>

Mowat Centre, School of Public Policy and Governance, University of Toronto, *A Report Card on Canada’s Fiscal Arrangements*, November 2010,
<http://www.mowatcentre.ca/pdfs/mowatResearch/27.pdf>

Robin Boadway and Ronald Watts, “Fiscal Federalism in Canada”, Institute of Intergovernmental Relations, Queen’s University, 2000,
http://www.fiscalreform.net/library/pdfs/fiscal_federalism_in_canada.pdf

Geoffrey Hale, *The Politics of Taxation in Canada*, Chapter 12

November 29—Guest speaker (TBD)

