

## MPA 815 Economic Analysis

**Note that MPA 815 will start one week after the beginning of Winter Term classes; i.e. the first class will be on Wednesday January 13. Another class will be scheduled later in the term to make up for this.**

**Course Description:** How are the tools of economics used in government? In MPA-815 we will study how to interpret economic analyses and how to use the tools of economics to assess the effects of public policies. We will consider economic incentives in various organizations and institutions, models of economic behavior, the consequences of market failure as well as government failure, the interventions in markets and policy objectives and instruments.

Supported by guest speakers from the Ontario Public Service we will explore the use and abuse of economics applied to decision making on topics such as business support programs, minimum wage policy, poverty reduction and income distribution, support for post-secondary education and the use of regulatory tools to protect consumers and achieve policy goals. We will examine the role of economic analysis in submissions to a cabinet or treasury board in support of a policy proposal.

### Course Outline

The outline of class topics is a work in progress and will depend on the availability of guests. Readings, mainly public documents related to recent and current policy issues, will be added as the course develops.

1 Overview of economic analysis in government:

Efficiency, Effectiveness and Equity  
Identifying the Economic Problem

Rosen Chapters 1 and 2

2 The Context: spending, revenues and debt in Canada

Rosen Chapter 3

Parliamentary Budget Officer Sustainability Report 2015  
[http://www.pbo-dpb.gc.ca/files/files/FSR\\_2015\\_EN.pdf](http://www.pbo-dpb.gc.ca/files/files/FSR_2015_EN.pdf)

3 Greg Orensak, Deputy Minister of Treasury Board on the role of economics in Ontario government decision making

Ontario 2015 Fall Economic Statement (forthcoming); selected portions

4 Public Goods and infrastructure: Investing in Transportation

Guest Lecturer: Michael Sutherland, Director, Economic Analysis and Investment Strategy, Metrolinx

Rosen Chapter 4

<http://www.metrolinx.com/thebigmove/en/default.aspx>

[http://www.metrolinx.com/thebigmove/Docs/big\\_move/TheBigMove\\_020109.pdf](http://www.metrolinx.com/thebigmove/Docs/big_move/TheBigMove_020109.pdf)

5 Externalities

Guest: Greg Hunter: Environmental issues: economic analysis and economic tools

Rosen Chapter 5

Overview of the Ecofiscal Commission:

<http://ecofiscal.ca/wp-content/uploads/2014/11/Ecofiscal-Report-November-2014.pdf>

6 Public Goods, Externalities and Infrastructure: Investing in and paying for clean water.

Guest lecturer Catharine Lyons-King

7 Income distribution and Ontario's poverty reduction strategy

Malik Ljutik (guest lecturer)

Rosen: Chapter 6

<http://www.ontario.ca/page/realizing-our-potential-ontarios-poverty-reduction-strategy-2014-2019>

<http://www.ontario.ca/document/realizing-our-potential-ontarios-poverty-reduction-strategy-2014-annual-report>

8 Economic analysis and health care

Guest lecturer: Joanne Plaxton, Director of System Policy and Strategy in the Ontario Ministry of Health and Long-Term Care

Rosen: Online Chapter on Cost-Benefit Analysis

Rosen Chapter 9: Health Care

9 Investing in education: Spending and outcomes

Rosen Chapter 14

CROPS report selected chapters

Guest speaker Matthias Ochinski and Melissa Molson, Office of Economic Policy

10 Business Subsidies

Better of Dead: *Value Added* in Canadian Economic Policy Debates by Trevor Tombe

<http://www.policyschool.ucalgary.ca/sites/default/files/research/value-added-tombe.pdf>

- 11 Using regulatory power to protect consumers and markets  
Phil Howell, former Superintendent of the Financial Service Commission of Ontario (FSCO)
- 12 Paying for government: An Introduction to taxation and current key tax issues in Canada

### **Evaluation**

Short presentation	30%
Team presentation	30%
Final Policy Note	30%
Class participation/preparation	10%

Short-presentation: Each participant will present to the class a short synopsis of one chapter from *Public Finance in Canada* or on another approved reading. These will be scheduled for midway through the class, and be 8-10 minutes long.

Team presentation: Teams (3-5 students, depending on class size) will present on the economic aspects of a public policy issue of their choosing (again the topics will require prior approval). These will begin in the second month of the course

The Policy Note which will be due shortly after the end of the course. The subject will be self-selected but should be a significant policy question and should allow scope to address the case for or against government action and the efficiency, equity and effectiveness of options considered. Maximum length 1000 words.

Class participation/preparation. Following each class (ending with the second last) a question will be posted to a class forum, related to the topics covered. You'll be asked to make a brief submission to an on-line class forum responding to the question.

### **Readings**

**(Rosen et al.) Public Finance in Canada** by Harvey Rosen, Beverly Dahlby, Roger Smith and Paul Boothe, McGraw-Hill (two Canadian editions, traditional approach to public finance, covers some Canadian policies). This is the required text for the course. It helps ensure that the key concepts are covered Earlier Canadian editions will be ok but will obviously be less up-to-date with recent Canadian research.

Other readings will be posted to Moodle, drawn largely from public sector and 'think tank' reports.



