

**PMPA 804**  
**MICROECONOMICS AND PUBLIC POLICY**  
**FALL/2017 - WINTER/ 2018**

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**Description**

The objective of the course is to familiarize students with basic principles of economic analysis and to begin to understand how economists think about the application of these principles to public policy analysis. Most of the course will focus on principles of microeconomics – the study of individual choices and individual markets. The supply and demand model forms the basis of much of this discussion and can be used to predict the impacts on price and quantity of various changes that affect markets and individual choices. We then apply the model to a discussion of economic efficiency and examine the potential roles for government when markets fail to operate in an efficient manner – the discussion of “market failure”. No less important as an economic rationale for government intervention in markets is ideas of equity or fairness in the distribution of earnings and income. This in turn leads to a discussion of policies for the redistribution of income that is associated with the pursuit of equity.

Finally, we will use these economic tools and principles to discuss the measurement of poverty and potential policies that could be directed to its alleviation and will examine the structure, problems and reform of the Canada Pension Plan and Employment Insurance.

**Textbook and Other Resources**

The textbook for the course is *Principles of Microeconomics*, Third or Fourth Canadian edition by Mankiw, Kneebone, McKenzie and Rowe.

**Grading**

Student grades will be based on two sets of work:

- 1) Two assignments each worth 20% to be handed out in December and January. Each assignment will be due at our session the following month.
- 2) A 15-20 page paper that explores the economic rationale for a piece of public policy or government program. The paper will be due by Tuesday, April 3, 2018 and is worth 60% of your grade. A hard copy should be mailed to me care of the Department of Economics. Further details about the paper will follow.

**Course Outline and Readings**

**Methodology and Basic Ideas**

Chapters 1-3.

**Demand and Supply**

Chapters 4-5.

**Welfare Economics and Public Policy**

Chapters 6-8.

**Market Failures and Equity as Rationales for Government Action**

Chapters 10-12.

**Economics of Social Policy**

Chapter 20.