

**The University of Western Ontario
Department of Political Science
Local Government Program**

PA 9913b Economics

**Course Outline
Winter Term 2013**

Instructor: John Ballantine MPA
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Office hours: After class on Fridays and by appointment.

Course Dates & Times:

January 25th & 26th
February 22nd & 23rd
April 5th & 6th

Fridays: 3:00pm-7:00pm
Saturdays: 9:00am-4:00pm
Location: Room 4255 SSC (Social Science Centre)

Course Description

This course provides an introduction to core microeconomic concepts and the practical application of these concepts to enhance decision making at the local level. The concepts of Public and urban economics and political economy will be introduced along with discussions on the current state of municipal finances. Case studies will be used for discussion and analysis. At the conclusion of the course students will understand and be able to utilize core concepts to make more informed decisions and to present information to Councils. Prior knowledge of microeconomic concepts is not necessary or expected.

Course Objectives and Outcomes

The goal of this course is to provide students with an introductory knowledge of microeconomic theories and concepts. The course is taught with the expectation that most students do not have a background in economics so concepts are introduced at an introductory level. Theories and concepts relevant to public administration, and specifically local government, will be examined in greater depth. Practical exploration of these concepts will allow students to understand, assess, and utilize microeconomic tools in a local government context.

At the conclusion of the course students are expected to have an understanding of:

- The economic conditions Canadian municipalities face
- An understanding of core microeconomic concepts
- An understanding of microeconomic theories related to local government

Students should then be able to:

- Understand, assess, and utilize economic concepts.
- Understand the limitations of economic theory.
- Critically assess the quality and accuracy of valuations commonly made in a municipal environment.
- Understand and create reports that include cost-benefit analysis and various other economic methodologies.

Student Expectations

- Students will be expected to:
 - Attend all classes
 - Complete assigned readings prior to the beginning of each class weekend
 - Participate in a constructive manner that enhances the value of the overall discussion
 - Respect the contributions of other class members
 - Ask questions and provide feedback

Textbooks (required)

Mankiw, Gregory et. al. 2011. Principles of Microeconomics (5th Canadian Edition). Nelson College
Indigenous: ISBN 0176502424

Journal/Article Readings (required)

The remaining required readings can be found in the Course Overview section of the outline. Copies of articles will be available on the website.

Evaluation

The course will be graded in the following manner:

Participation and Course Contributions 15%

Valuation Research Assignment 35%

Cost-Benefit Analysis Assignment 50%

Total: 100%

Evaluation Details:

Participation and Course Contributions – 15%

Students are expected to both attend and participate in class. The participation grade is based on 3 elements:

Regular Class Attendance - 2%

Regular Participation in Class - 7.5%

Discussion Participation - 4%

Valuation Research Assignment – 25% (15% short paper; 10% group presentation)

Microeconomics, which originated as a study of measures for the private sector, has a unique application in the public sector with corresponding challenges. This may be due to positive and negative externalities, and/or difficulties in assessing the value of the policy inputs and outcomes. In this assignment, students will assign an economic value to an intangible. Eg: human life, time, noise, environmental quality, green/recreational public space, etc.

Students will be divided into groups and each group will choose from topics provided in class in January. Students will be expected to find and review academic research on their topic and discuss their findings in a short paper (no longer than 10 pages). Each student will submit individual papers but will be expected to build a group presentation on the common topic. The groups will present their findings to the class in a ten minute presentation. Each group presentation will receive a common grade for all group members.

Topic & Group Selection: January 26

Paper Due Date: February 22

Group Presentations: February 23

Cost-Benefit Analysis Assignment – 60%

Each student will construct/review a cost-benefit analysis on a relevant municipal issue/project/program. They will also present their research to class in a formal presentation. The two components are discussed below in detail.

Part I: Cost-Benefit Analysis Assignment – 45%

The major assignment in this course is a cost-benefit analysis.

Topic Proposal: The topic proposal should be no more than 4 double-spaced pages that answer the following questions: What is the topic? How are you going to conduct your research? What economic methodology will you be using? Why is this topic relevant / important to study?

The topic proposal is due by March 1st via email. Students will receive feedback / approval of their topic by March 9th.

Final Paper: The final paper should draw upon topics & methods discussed in class. Students are encouraged to choose a topic that has real-world applicability.

Topic Proposal - 5%

Final Paper - 40% - Due April 12th via email

Part II: Cost-Benefit Analysis Presentation – 15%

On the final two days of class students will make individual presentations on their final course paper. Students will present the details of their analysis as a mini-case study of the topic chosen (relevant background, a discussion of any economic valuations and methodology used to determine the costs and benefits, their conclusions and justification for arriving at them). Students do not need to have completed their final paper to prepare their presentation, but should have completed their research and arrived at preliminary conclusions. Students should consider their presentation to be an opportunity to present research and receive feedback from fellow students and the instructor. This feedback will help the student draft the final version of the paper.

Special Accommodation & Late Penalties:

For all assignments, and graded items in the course, requests for special accommodation must be received well in advance of the due date. The instructor will receive reasonable requests and grant special accommodations only when deemed necessary and reasonable.

The standard late penalty is two percent per day up to 5 days. After 5 days the assignment will not be graded.

Other:

Scholastic Offences (including plagiarism): Please review the School of Graduate and Postdoctoral Studies guidelines on scholastic offenses at: http://grad.uwo.ca/section_ten.htm

Course Overview
Weekend 1: January 25th and 26th

Friday, January 25

Overview of the course

1. Introductions
2. Purpose of the course, course goals
3. Review of course expectations & requirements
4. Discussion of student expectations and learning interests
5. Introduction to Economics
 - What is Microeconomics?

Microeconomics: Theories, Concepts, and Tools

1. Supply, Demand and Equilibrium
2. Marginal Utility
3. Marginal Cost and Externalities
4. Opportunity Cost
5. Competition
6. Economic Surplus
7. Elasticity
8. Economic Effects of Taxation
9. Information Asymmetry
10. Resource Allocation

Saturday, January 26

Microeconomics: Theories, Concepts, and Tools

1. Markets
2. Valuation - Assigning economic value

Valuation Research Assignment

1. Group and Topic Selection

Applied Microeconomics: Public Economics

1. Theory of Welfare Economics
2. Impact of Economics on Public Policy Development
3. Distributional effects of taxation and government expenditures
4. Market failure/Government failure
5. Tax Incidence
6. Optimal Taxation
 - Diamond-Mirrlees Efficiency Theorem
 - Pigouvian tax
7. Cost Benefit Analysis

Required Readings – Weekend 1:

Mankiw, Gregory et. al. 2011. Chapters 1-14

Bedore, Melanie. "Market Failure, Government Failure: Learning from Kingston's Food Desert to Plan for a Just City" Ph.D. Dissertation, Department of Geography, Queens University, May 6, 2007.

CBCL Limited Energy Services. Community Energy Plan Task 3 – Future Demand and Supply Assessments Final Report Prepared for Halifax Regional Municipality. 2007.

Cleveland, Gordon, Dr. If it Don't Make Dollars, Does That Mean That It Don't Make Sense? Commercial, Nonprofit and Municipal Child Care in the City of Toronto: A report to the Children's Services Division, City of Toronto. April 2008.

Dachis, Benjamin. "Picking up Savings: The Benefits of Competition in Municipal Waste Services" C.D. Howe Institute Commentary. September 2010.

Kesik, Ted and Anne Miller. "Toronto Green Development Standard: Cost Benefit Study. Prepared for Policy & Research, City Planning, City of Toronto". October 2008.

Smart, Michael. "The Reform of Business Property Tax in Ontario: An Evaluation". Institute on Municipal Finance and Government Papers. No. 10. 2012

Treasury Board of Canada Secretariat. Canadian Cost-Benefit Analysis Guide. Government of Canada. 2007.

Weekend 2: February 22nd and 23rd

Friday, February 22

Valuation Assignment Due

Economic Analysis

1. Types of Economic Analysis
 - Game Theory
 - Cost-Effectiveness Analysis & Cost-Utility Analysis

Valuation Research Assignment

1. Group Preparation Time

Saturday, February 23

Valuation Research Assignment

1. Group Presentations & Questions

Political Economy

1. General Overview
2. The Municipal Landscape
 - Water Delivery Case Study

Required Readings – Weekend 2:

Break, Helen. "Strategic Financial Management". Municipal World. April 2007.

Brubaker, Elizabeth. "A Bridge Over Troubled Waters: Alternative Financing and Delivery of Water and Wastewater Services". C.D. Howe Institute Commentary. May 2011.

Dachis, Benjamin et al. Holding Canada's Cities to Account: An Assessment of Municipal Fiscal Management. C.D. Howe Institute Backgrounder. November 2011.

Kitchen, Harry. "Financing Water and Sewer Systems". Municipal World. November 2007.

Renzetti, Steven. "Wave of the Future: The Case for Smarter Water Policy". C.D. Howe Institute Commentary. February 2009.

Shahidi, Faraz Vahid. "Community Based Perspectives on the Political Economy of Immigrant Health: A Qualitative Study" Wellesley Institute, December 2011.

York Region. Planning and Economic Development Committee. "2011 Water and Wastewater Supply and Demand Monitoring Report". September 22, 2011.

Weekend 3: April 5th and 6th

Friday, April 5

Urban Economics

1. Market Forces
2. Land Use
3. Economic Policies
4. Transportation
5. Housing

Student Presentations

1. Presentations
2. Questions & Feedback
3. Instructor Feedback

Required Readings:

Bottomley, Paul. "Ground Related Housing Demand/Supply Analysis" Presentation to the Planning and Economic Development Committee, York Region. April 4, 2012.

Lamb, Laura. "Voluntary Participation in Community Economic Development in Canada: An Empirical Analysis". Canadian Journal of Nonprofit and Social Economy Research. Spring 2011.

Lindsey, Robin et al. "Prospects for Urban Road Pricing in Canada" Brookings-Wharton Papers on Urban Affairs. 2008.

SHS Consulting and Refact Consulting. "Municipal Housing Strategy for the City of Kingston and County of Frontenac. Phase 1: Housing Supply and Demand Analysis". April 2011.

Saturday, April 6

Student Presentations

1. Presentations
2. Questions & Feedback
3. Instructor Feedback

Course wrap-up and review

1. Final thoughts and feedback
 - Course content / topics
 - Evaluation
 - Other comments