

Western University
Department of Political Science
Local Government Program
PA 9913
Economics & Policy Analysis
Course Outline Winter Term
2016

Course Dates & Times:

January 22-23

February 19-20

April 1-2

Friday: 3:00pm-
7:00pm

Saturday: 9:00am-4:00pm

Location: SSC 4255

Course Description

This course provides an introduction to core microeconomic concepts and their applicability in enhancing decision making on the local level. It also provides an introduction to municipal finance issues in general. At the conclusion of the course students will understand major finance issues related to the municipal sector and be able to utilize core concepts to improve local decision making. Prior knowledge of economic concepts and municipal finance is not necessary or expected.

Course Objectives and Outcomes

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
- The legislative framework for municipal financing
- An understanding of core microeconomic concepts and how they can be applied to local governments

Students should then be able to:

- Understand, assess, and utilize economic concepts.
- Understand the legislative framework under which municipalities in Ontario function.
- Critically assess the quality and accuracy of valuations commonly made in a municipal environment and to create valuations of their own.

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

Students are encouraged to use general microeconomics books for background material related to microeconomic terms used in the course. Examples of good books are:

Besanko, David and Ronald Braeutigam. **Microeconomics**. Any Edition.

Goolsbee, Austan D., Steven Levitt and Chad Syverson. **Microeconomics** Any Edition.

Ragan, Christopher T.S. and Richard G. Lipsey. **Microeconomics**. Any Edition.

For further reading on Public Economics, please refer to:

Gruber, Jonathan. **Public Finance and Public Policy**. Any Edition

Hindriks, Jean and Gareth D. Myles. **Intermediate Public Economics**.

Leach, John. **A Course in Public Economics**.

Rosen, Harvey, Beverly George Dahlby, Roger Smith and Tracy Snoddon. **Public Finance in Canada**. Any Edition.

For further reading on Urban Economics, please refer to:

Brueckner, Jan. **Lectures on Urban Economics**.

O'Sullivan, Arthur. **Urban Economics**.

Journal/Article Readings (required)

The remaining required readings can be found in the Course Overview section of the outline. All readings will be uploaded to the course page on OWL.

Evaluation

The course will be graded in the following manner:

Participation and Course Contributions 10%

Valuation Research Assignment 40%

Cost-Benefit Analysis Assignment 50%

Total: 100%

Evaluation Details:

Participation and Course Contributions -10%

Students are expected to both attend and participate in class. The participation grade is based class attendance and regular participation in class

Valuation Research Assignment- 40%

In the public sector, there is often value in pursuing policy directions that would not be pursued in the business world. 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.

Examples of intangibles could include: human life, time (both work and leisure), noise (or noise abatement), environmental quality, green/recreational public space, etc.

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).

Paper Due Date: February 19

Municipal Finance Assignment- 50% (10% Presentation; 40% Paper)

Each student will present a paper on approaches to 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.

Presentation: 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, 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 due on April 8.

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

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 22/23

Friday

Overview of the course

- Introductions
- Purpose of the course, course goals
- Review of course expectations & requirements
- Discussion of student expectations and learning interests

Introduction to Economics

- Microeconomics vs. Macroeconomics

Public Economics

- Theory of Welfare Economics
- Impact of Economics on Public Policy Development
- Distributional effects of taxation and government expenditures
- Government failure vs. Market Failure
- Tax Incidence
- Optimal Taxation
 - Pigouvian tax

Saturday

Microeconomics: Theories, Concepts, and Tools

- Supply, Demand and Equilibrium
- Marginal Utility
- Marginal Cost and Externalities
- Opportunity Cost
- Competition
- Economic Surplus
- Elasticity
- Information Asymmetry
- Resource Allocation
- Markets
- Valuation -Assigning economic value

Valuation Research Assignment

- Topic Selection

Weekend Required Readings

Association of Municipalities of Ontario. "Coming of Age: The Municipal Role in Caring for Ontario's Seniors", June 2011.

Binstock, Matt and Maureen Carter-Whitney "Aggregate Extraction in Ontario: A Strategy for the Future. Canadian Institute for Environmental Law and Policy, March 2011.

Dachis, Benjamin. "Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment". C.D. Howe Institute, July 2013.

Harnik, Peter and Ben Welle. "Measuring the Economic Value of a City Park System". The Trust for Public Land, 2009.

Seymour, David. "The Role of Municipal Government". Manning Foundation for Democratic Education, August 2013.

Thompson, David. "Suburban Sprawl: Exposing Hidden Costs, Identifying Innovations". Sustainable Prosperity, October 2013.

Van Den Bosch, Frans A.J., Rick Hollen, Henk W. Volberda and Marc G. Baaij. "The strategic value of the Port of Rotterdam for the international competitiveness of the Netherlands", May 2011.

Weekend 2: February 19-20

Friday

Valuation Assignment Due

Topics of Discussion

- Municipal Finance 101
- Grants
- Property Taxation
- Other Forms of Taxation
- Tax Increment Financing
- User Fees
- Area Rating
- Local Improvement Charges

Saturday

Guest Speaker

- Jennifer Harmer, Senior Economist, Financial Analysis & Reporting Section, Municipal Finance Policy Branch, Ministry of Municipal Affairs and Housing

Topics of Discussion

- Bonusing
- Business Improvement Areas
- Municipal/City Services Corporations
- Community Improvement Plans
- Business Incubators
- Municipal Capital Facilities Agreements
- Debt Financing
- Investments
- Development Charges
- Parkland Dedication Fees
- Density Bonusing Fees

Required Readings – Weekend 2

Dachis, Benjamin and William B.P. Robson. "Holding Canada's Cities to Account: An Assessment of Municipal Fiscal Management". C.D. Howe Institute, November 2011.

Duffy, Robert, Gaetan Royer and Charley Beresford. "Who's Picking Up the Tab?: Federal and Provincial Downloading onto Local Governments" Columbia Institute, September 2014.

Federation of Canadian Municipalities. "The State of Canada's Cities and Communities" 2012.

McMillan, Melville "Comments on Municipalities, Revenue Sources and Land Use Planning" Land Use 2014 Conference, Session Theme: Urbanization and Loss of Agricultural Land.

Thompson, David, Greg Flanagan, Diana Gibson, Laleah Sinclair and Andy Thompson. "Funding a better future: Progressive revenue sources for Canada's cities and towns". Canadian Union of Public Employees, June 2014.

Weekend 3: April 1-2

Friday

Course Evaluation

Student CBA Presentations

- Class Questions & Feedback
- Instructor Feedback

Saturday

Student CBA Presentations (cont'd)

- Class Questions & Feedback
- Instructor Feedback

Course wrap-up and review

- Final thoughts and feedback
- Other comments