

PPOL 605 – Markets and Public Policy Course Outline

Course:	PPOL 605 Markets and Public Policy	Term:	Fall 2016
Time:	Wednesday 17:00- 20:00	Section:	01
Instructor:	Dr. Kenneth J. McKenzie	Place:	Nexen Technology and Conference Center, DTC (Downtown Campus: 5 th Floor, 906-8 th Avenue SW)
Office:	SS 452 (main campus)	Telephone:	403-220-4605 (main campus)
Office Hours:	By appointment at main campus	E-mail:	kjmckenz@ucalgary.ca

Required Textbook:

N. Gregory Mankiw, Ronald D. Kneebone, Kenneth J. McKenzie, *Principles of Economics*, 5th Canadian Edition, Nelson Education, 2010. **MKM**

Other Readings:

Robert S. Pindyck and Daniel L. Rubinfeld, *Microeconomics*, 8th edition, Pearson Education, 2012. **PR**

Supplementary readings will be posted on D2L during the course.

Desire2Learn:

Desire2Learn (D2L), a web-based course management tool, will be used in the course. Students registered in this course can log in at: <https://d2l.ucalgary.ca/>. Note that D2L features a class

e-mail list that will be used and I will use this list to communicate with you. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

Course Outline:

This course examines the role of markets in the allocation of resources and the determination of income. The focus will be on microeconomics, with applications to selected public policy issues. Sources of market failure, and the appropriate public policy response to those failures, will also be examined. Students learn how private firms make decisions, and how they respond to policy initiatives.

Classes and Readings (subject to change):

The course will roughly adhere to the following list of topics. A finalized version will be issued in the first week of classes.

I. Review: The basics of Supply and Demand, Elasticities, Market Equilibrium (Week 0)

A review of what you did in your block week course with Dr. Kneebone. I will not cover these chapters in class, but you should review them.

MKM Chapters 1, 2, 3, 5
PR Chapters 1 and 2

II. Preliminaries (Week 1)

What do economists do?

Applications: The Peltzman Effect – Do Seatbelts Save Lives?

III. Theory of the Consumer (Week 2)

Indifference curves, budget lines, optimality conditions

MKM Chapter 21, pp.
PR Chapter 3, pp. 67-100
Applications: Cash vs. In-Kind Transfers.

IV. Demand curves, income and substitution effects, market demand (Weeks 3,4)

MKM Chapter 21, pp.
PR Chapter 4, pp. 111-136; students with a mathematical background may want to read 149-157 (not required)

Applications: From Consumer Theory to Demand Curves; Labour-Leisure Choice; Inter-temporal Choice

V. Theory of the Firm (Weeks 5, 6)

Producer Theory

MKM Chapter 13
PR Chapter 6, Chapter 7, pp. 229-261
Applications: TBA

Profit Maximization and Competitive Supply

MKM Chapter 14
PR Chapter 8
Applications: TBA

VI. Competitive Equilibrium Re-examined (Weeks 7, 8)

Perfect Competition and Efficiency, consumer and producer surplus

MKM Chapters 7 and 8
PR Chapter 9
Applications: The market for kidneys; minimum wages; production quotas (taxi licenses, dairy quotas); trade restrictions (tariffs, quotas); taxes

VII. Market Failure I: Lack of Competition (Weeks 9)

Monopoly

MKM Chapter 15
PR Chapter 10, pp.357-382
Applications: TBA

VIII. Midterm (Week 10)

IX. Market Failure II: Externalities and Public Goods (Weeks 11, 12)

Externalities

MKM Chapter 10
PR Chapter 18, pp. 661-687
Applications: Carbon Taxes

Public Goods and the Commons

MKM Chapter 11

PR Chapter 18, pp. 687-696

Applications: Research and Development as a Public Good

X. Income Distribution and Inequality (Week 13)

MKJ Chapter 20

Applications: TBA

Grade Determination:

Four Assignments	40%
Mid-term	20%
Final Exam	40%

Further instruction on methods of submission and due dates will be provided in class and on D2L. Be sure to check on D2L each week for readings and assignments.

The final exam will be comprehensive and will cover all course readings and class discussions. Instructions and a schedule for the assignments will be posted on Desire2Learn.

Letter grades as described in the Faculty of Graduate Studies Calendar (see p.19) will be given for all elements of grade determination noted above. The course grade will be determined based on a weighted average of those grades according to the percentages shown above. In the event that elements are marked on a numerical (percentage) basis, they will be converted to letter grades. As a guide to determining standing, these letter grade equivalences will generally apply:

A+	97-100	B	75-79	C-	60-62
A	90-96	B-	70-74	D+	55-59
A-	85-89	C+	67-69	D	50-54
B+	80-84	C	63-66	F	0-49

Important Notes:

- The School of Public Policy expects the highest standards of professional conduct by students, faculty and staff. Abusive or disrespectful behavior will not be tolerated. This includes any expression of prejudice in any of its forms.
- It is the student's responsibility to be fully aware of the academic regulations outlined in the University of Calgary Faculty Of Graduate Studies Calendar. Provisions regarding Student Misconduct (plagiarism, cheating and other academic misconduct) will be strictly enforced. Please review the University of Calgary's Regulations on Plagiarism, Cheating and Other Academic Misconduct, online:
<http://www.ucalgary.ca/pubs/calendar/current/k-2.html>

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within fifteen days* of the work being returned to the class.
- Examinations will not be given prior to the scheduled date.
- It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Student Accessibility Services, please contact their office at 220-8237. Students who have not registered with the Student Accessibility Services are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course. The Student Accessibility Services website is here: <http://www.ucalgary.ca/access/>
- All material used in this course is for the sole use of the individual and should not be recopied in either print or digital format. For copyright guidelines, including those relating to photocopying and electronic copies, please refer to the Association of Universities and Colleges of Canada (AUCC) fair dealing guidelines. <http://library.ucalgary.ca/copyright/fair-dealing>
- The University of Calgary complies with the requirements of the *Freedom of Information and Privacy Act*. The University's policy on the sharing of student information with third parties can be found here: <http://www.ucalgary.ca/legalservices/files/legalservices/pg-pi-of-students-to-3rd-parties.pdf>. The University's policy on the sharing of student information with the subject can be found here: <http://www.ucalgary.ca/legalservices/files/legalservices/pg-pi-of-student-to-subject.pdf>
- In the event of an emergency, students may be required to evacuate the building. If evacuation is ordered, follow these procedures:
 - Stay calm, do not rush, and do not panic.
 - Safely stop your work.
 - Gather your personal belongings if it is safe to do so. (keys, purses, jackets, cell phones, etc. It may be hours before you are allowed back in the building.)
 - If safe, close your office door and window, but do not lock them.
 - If directed by wardens, follow their instructions.
 - Use the closest emergency exit. Do not use the elevator.
 - Proceed to the designated Emergency Assembly point in front of the Holiday Inn on 8th avenue to the west of the Downtown Campus.
 - Do not re-enter the building or work area until you have been advised by emergency responders that it is safe to do so.

Graduate Students' Union Vice-President, Academic

Abu Abdelhafiz

Phone: 403-220-5997

E-mail: gsavpa@ucalgary.ca

Graduate Students Association

214 MLT, 2500 University Dr. NW
Calgary, Alberta T2N 1N4
CANADA
Tel: 403 220-5997
Fax: 403 282-8992

Emergency Assembly Point

Holiday Inn Lobby (weather permitting)
1020 8th Avenue SW
Calgary, Alberta T2P 1J2
Or remain at nearest exit point

Safewalk / Campus Security: 220-5333


