

UNIVERSITY OF TORONTO
Department of Economics

SSC 199Y
CONTEMPORARY ECONOMIC SYSTEMS
2009-2010
Second Term Outline
Instructor: Andrew Bird (a.bird@utoronto.ca)

SECTION A: T10-12

This course will cover a number of contemporary public policy issues. In particular, we will look at the economic forces underlying these issues and critically assess potential solutions.

GRADING

The mark for the second term will be comprised of the following:

Term Test	20%
Term Essay	15%
Participation	15%

Total Second Term 50%

The participation mark will consist of three parts (weighted equally): one class presentation, a written assessment and general participation during class discussion.

Students are expected to write a fully-documented term paper on a topic related to the seminar themes. A one-page outline of the essay, including the title, main theme, sub-sections, and a bibliography of about four key references is due in class on Tuesday, February 9th.

These essays are due on March 16th. Essays should be about 2500 words in length (approximately 10 double-spaced pages). Details will be discussed in class.

The term test will take place during regular class hours in the final class of the semester (March 30).

OFFICE HOURS AND CONTACT INFORMATION

I will be available for office hours on Thursdays in GE40 from 12:00-2:00. You are also welcome to send me an e-mail (a.bird@utoronto.ca) to arrange a meeting at another time.

OUTLINE – SECOND TERM

Note: Key readings will be made available on Portal.

1. Introduction (January 5)
 - Key economic ideas
 - Why do we need government?
 - Hidden effects of government policy

2. Environmental Economics/Climate Change (January 12, 19, 26)
 - Overview and Potential Solutions
 - Copenhagen Summit and Political Problems
 - Innovative Policy Solutions
 - REDD and Carbon Offsets
 - Temperature-dependent tax

Readings:

Stern Report Executive Summary (Long)
Robert Mendelsohn critique of Stern Report
Steven Landsburg (Slate, October 22) *Save the Earth in Six Hard Questions*.
Greg Mankiw 'Smart Taxes: An Open Invitation to Join the Pigou Club'
Package of Economist articles on Copenhagen summit
Ross McKittrick (June 12, 2007, National Post article)

3. Economic Inequality (February 2, 9)
 - Why doesn't everyone earn the same amount?
 - Should government policy interfere with these outcomes?

Readings:

OECD (2008). *Growing Unequal: Income Distribution and Poverty in OECD Countries*, Paris: OECD.
Anthony Atkinson article discussing this report
Gary Becker and Kevin Murphy 'The Upside of Income Inequality'
William Bernstein podcast at econtalk.org

Term Essay Outline due (February 9)

Reading Week (February 15-19)

4. Redistribution and Taxation (February 23)
 - How much do different governments redistribute?
 - How do they do it?
 - What are the costs and benefits of such policies?

Readings:

Steven Landsburg on progressive taxation in 'Fair Play'
Greg Mankiw on Estate Taxes (November, 2003)

5. Healthcare (March 2, March 9)

Readings:

Milton Friedman (2001). *How to Cure Healthcare*, Stanford: Hoover Institution.

OECD (2009). *Achieving Better Value for Money in Healthcare*, Paris: OECD.

Claire de Oliveira (April 6, 2009). The health-care grass isn't always greener, Globe and Mail, Online Edition .

5. Institutions/Basic Roles for Government (March 16)

Readings:

Daron Acemoglu (2009). *What Makes a Nation Rich? One Economist's Big Answer*, Esquire.

Roderigo de Rato (2006). *Building Better Institutions*, Cato Institute.

Term Essay due (March 16)

6. Charter Cities (March 23)

Readings: Paul Romer at TEDGlobal (July 23, 2009)
Video and Written Summary of Talk

Term Test (March 30 in class)