

## **Economic Policy Seminar in the Winter Semester 2020**

**Prof. Dr. Jean-Denis Garon**

### **“Designing public policies: An economic perspective”**

#### **1. Presentation of the professor**

I am an associate professor of economics at ESG-UQAM. I completed a doctoral degree at Queen's University in 2012. Afterwards, I was appointed as a professor of economics at ESG-UQAM where I teach/taught Advanced microeconomic theory and Public economics at the graduate level, Intermediate microeconomic theory at the undergraduate level in economics, as well as Introductory microeconomics for non-economists.

I specialize in public sector economics, with special emphasis on theoretical normative tax and behavioral issues, and on fiscal federalism. I am a fellow at CIRANO, the Centre Interuniversitaire de Recherche en Analyse des organisations and a *Research Fellow* at the *CESifo Group Munich*. I am currently director of the Fiscal Federalism branch of the *Centre d'Analyse Politique Constitution et Fédéralisme (CAP-CF)*, a multidisciplinary research centre at UQAM. I also act as a member of the Public Policy Committee, an advisory body of the *Association des Économistes Québécois*. I am a commentator of public policy and I hold a weekly column in French Canada's most read newspaper. I also regularly act as a private consultant.

#### **2. Description of the course**

This course is given in the Seminar form. Students will be matched in pairs of 2, and each team will produce a term paper at the end of the semester. The structure and contents of the term paper are provided below. At the end of the semester, students will present their work and will be required to answer questions from the floor and from the professor.

Teams of students must choose one of the 12 topics provided at section 7 of this syllabus. Each topic can be chosen by only one team. The topics provided are all related to a specific economic policy, which may or may not justify a governmental intervention in the economy.

Final marks will be weighted as follows:

- Term paper: 70%
- Presentation: 30%.

### **3. Schedule and language requirements**

The lectures and seminars will be held intensively over a two-day period: Friday May 29<sup>th</sup> and Saturday June 30<sup>th</sup>, 2020 from 9:45 a.m. to 6:00 p.m.

All students' physical presence is mandatory during the presentations. All works, presentations and discussions will be held in English.

A seminar briefing will be held in January 2020 to help you get started, and to clarify my expectations about your term papers. The exact date will be communicated to you prior to the start of the Winter semester.

### **4. Submission of term papers and deadlines**

All term papers must be submitted as .PDF documents to *garon.jean-denis@uqam.ca*. A confirmation email will then be sent to you in the same day. All term papers must be received by the professor by April, 15<sup>th</sup> 2020.

### **5. Presentations and retroaction**

The authors of each term paper will have to present their work. The order of presentations will be determined randomly. The duration of presentations is 30 minutes. A discussion, and a process of retroaction with the professor, will occur after each presentation. Students are expected to participate actively in this discussion process.

One week before presentations, each team will submit a .PDF copy of their PowerPoint slides to the professor. These slides will then be made available to all the students.

### **6. Availability**

The professor is based in Montreal, Canada. Therefore, he will not be available in person at Pforzheim, except on the presentation days. However, he will be available upon appointment. Consultations will be held via *Skype*, or in writing via email. Please keep in mind that there is a time difference of 6 hours between Montreal and Pforzheim.

### **7. Description of the term paper**

- a. Term papers must be 25-page long, half-spaced, excluding the title page and the list of references (bibliography). They must contain the following sections:
  1. An introduction (approximately 1 page) that presents the structure of the paper.
  2. A summary of recent media coverage of your topic (3 pages). The goal of this section is to emphasize the social – hence the policy – relevance of your topic.

3. A review of the literature (12 pages). The literature review must take the form of a consistent, and commented, text. It must contain a total of 12 references:

- at least 7 articles published in scientific journals. A list of general interest journals (some of them non-technical) in economics is provided at the end of this syllabus, but students can also pick other journals, as long as they are peer-reviewed. The articles must have been published in English. Your articles cannot be shorter than 15-page long. Short articles, such as those published in *Economics Letters* are not accepted. Papers that are not published yet but that have been officially accepted for publication by a journal qualify.

Scientific publications can sometimes be difficult to read and be technical. However, all of them provide an abstract, an introduction, a conclusion and lots of explanations about what is being done in the paper. You are expected to focus on the parts that you can understand. What is important is that you understand the logical argument that is presented in a paper. Ideally, you should prioritize less technical papers (for example those that can be found in the *Journal of Economic Perspectives*).

- 2 research papers written by researchers that have not been published yet. At the end of this syllabus, I provide you with a list of working-paper series from which you can pick yours.
- 3 reports published by a governmental agency or ministry (eg. a ministry), a non-governmental agency (eg. think tanks) or a para-governmental organization (such as the OECD, United Nations, OPEC, etc). Note that policy briefs and reports published by the European Union are considered as governmental reports.

4. A policy analysis (5 pages) that takes the form of a “cost-benefit argument”. For the public policy that you study, you must list and discuss the advantages and inconvenient, both in terms of equity and efficiency. You can also add a one-page table, listing the costs and benefits, as an Appendix at the end of your paper.

*For instance, if your topic is “should cigarettes be taxed more”, you know that the government may raise some revenue, which is an advantage. There are also health benefits if it makes people smoke less, and it may also reduce the consequences of secondary smoke – and therefore health costs. However, it may reinforce the market for smuggled cigarettes, which is bad. In terms of equity, that policy may hit the poorest people harder, since they smoke more than the rich. Such policy is also an infringement on individual freedom.*

As much as you can, you must try to put numbers on your costs and benefits to show their relevance.

5. Formulate a policy recommendation (3 pages). This section responds to the following question: “what should be done about the topic you chose”.

*For instance: Taxes on cigarettes are already high, so the government should be prudent before increasing them further.*

Your policy position is a normative position: you can't be right or wrong, as long as your argument is consistent and logical. You will inevitably have to make value judgements (which we call normative statements) ... which you will have to defend at the end of the semester during your presentation. By the way, this is the fun part!

6. A short conclusion (maximum 1 page).

## 8. Topics

1. Should governments provide citizens with a universal basic income ?

*Rema, Hanna and Benjamin A. Olken (2018). "Universal Basic Incomes versus Targeted Transfers: Anti-Poverty Programs in Developing Countries", *Journal of Economic Perspectives*, 32, 221-226*

2. Should we tax wealth to address economic inequality?

*Kopczuk, Wojcich (2015). "What do we know about the Evolution of Top Wealth Shares in the United States?", *Journal of Economic Perspectives*, 29, 47-66*

3. Climate change and taxes: how to design fair carbon taxes?

*Goulder, Lawrence, Marc A.C. Hafstead, Gyu Rim Kim and Xianling Long (2019). "Impacts of a Carbon Tax across U.S. Household Income Groups: What are the Equity-Efficiency Trade-offs?", *Journal of Public Economics* 175, 44-64*

4. Should we evaluate the performance of teachers and pay them accordingly?

*Goodman, Sarena F. and Lesley J. Turner (2013). "The Design of Teacher Incentive Pay and Educational Outcomes: Evidence from the New York City Bonus Program", *Journal of Labor Economics* 31, 409-420*

5. Should we reserve positions to women on the board of directors of large businesses?

*Flabbi, Luca, Mario Macis, Andrea Moro, and Fabiano Schivardi (2019). "Do Female Executives Make a Difference? The Impact of Female Leadership on Gender Gaps and Firm Performance", *Economic Journal* 129, 2390-242*

6. Should we ban commerce with countries that employ child's labor?

Pallage, Stéphane and Sylvain Dessy (2004). "A Theory of the Worst Forms of Child Labour", *Economic Journal* 115, 68-87

7. Should we restrict the size of large technological companies?

Shapiro, Carl (2019). "Protecting Competition in the American Economy: Merger Control, Tech Titans, Labor Markets", *American Economic Review* 33, 69-93

8. Is taxing sweetened beverages a sound policy for improving health? Efficiency and redistributive perspectives.

Alcott, Hunt, Benjamin B. Lockwood, and Dmitry Taubinski (2019). "Should we Tax Sugar-Sweetened Beverages? An Overview of Theory and Evidence", *American Economic Review* 33, 207-227

9. With the growth of the *gig economy* (Uber, AirBnB), should workers be better protected?

Berger, Thor, Cark Benedick Frey, Guy Levin and Santosh Rao Danda (2019). "Uber Happy? Work and Well-Being in the Gig Economy", forthcoming in *Economic Policy*

10. Should we ban, or regulate, the use of polluting plastic bags?

Taylor, Rebecca L. C. (2019). "Bag Leakage: The Effect of Disposable Carryout Bag Regulations on Unregulated Bags", *Journal of Environmental Economics and Management* 93, 254-271

11. Should governments legalize recreational drugs? An economic perspective.

Kennally, Gerald (2001). "Regulating the Trade in Recreational Drugs", *European Journal of Law and Economics* 11, 69-82.

12. Should countries stick to strict balanced-budget rules, even in periods of economic slowdown?

Bergman, Michael and Michael Hutchison (2015). "Economic Stabilization in the Post-Crisis World: Are Fiscal Rules the Answer?", *Journal of International Money and Finance* 51, 82-101

## Appendix 1: Partial list of general interest/policy journals in economics

*The following journals are peer-review and are provided as examples. They are not in order of importance. Number 1, 2 and 3 are based in Germany. Other journals are international.*

1. German Economic Review
  2. FinanzArchiv
  3. International Tax and Public Finance
  4. Journal of Economic Literature
  5. Journal of Economic Perspectives
  6. Journal of Public Economics
  7. Journal of Human Resources
  8. American Economic Review
  9. European Economic Review
  10. Journal of the European Economic Association
  11. The Economic Journal
  12. Oxford Economic Papers
  13. Journal of Environmental Economics and Management
  14. Economic Enquiry
  15. Quarterly Journal of Economics
- *Extended list:* <https://ideas.repec.org/top/top.journals.simple.html>
  - *Other list of Journals:* <https://www.scimagojr.com/journalrank.php>
  - *You may also get familiar with scholar.google.com*
  - *Most of these journals are copyright-protected. You may have to consult the full-length articles at your university library.*

## Appendix 2: Partial list of working paper series

1. CESifo working papers (Germany)

<https://www.cesifo.org/en/wp>

2. CEPR discussion papers (United Kingdom)

<https://cepr.org/content/discussion-papers>

3. NBER working papers (United States)

<https://www.nber.org/papers.html>

4. IZA discussion papers (Germany)

<https://www.iza.org/publications/dp>

5. RePeC discussion papers

<https://econpapers.repec.org/paper/zbwifwedp/>

- Most departments of economics have discussion/working papers series. You may want to see Harvard, Oxford and other prestigious departments.
- Some of these working papers (for instance, NBER) are copyright-protected and you may have to go at your university library to consult them.