

## Economics and Government

Economics 104

Section: D100

Term: 2008 Fall

Instructor: K. Pendakur

Discussion Topics: A little bit of economics goes a long way. Politicians may tell you that they can lower your income taxes and increase health care spending. A little bit of economics tells you that if they do those things they must either raise other taxes, cut other expenditures or borrow a bunch of money. (In BC, the governing party had to do all three.)

Economics underlies the decisions that must be made by government, and a little bit of economics can often help make these decisions more reasonably, or help choose politicians who can make these decisions more reasonably. It only takes a little economics to know that our public pension system has to either raise contributions or cut benefits to continue functioning with more old people in our society. It only takes a little economics to see that the invisible hand might do a good job at getting us the right amount of fast-food, but will almost surely fail to get us the right amount of pollution abatement or health insurance.

The course will focus on various topics, with readings, lectures and tutorials aimed at fleshing out various aspects of each topic. Usually, readings, lectures and tutorials will be complementary to each other, rather than substitutes for each other, so all will be required for successful completion of the course.

Topics of Discussion:

1. How big is government? (hint for 1st midterm roughly half the economy)
2. What does government do? What should government do?
3. The Invisible Hand why governments are terrible and private markets are great.
4. Social Insurance why private markets are terrible and governments are great.
5. Externalities why being nice is hard, and why governments can help.
6. Budgets, tax codes and other bunches of numbers.
7. Deficits is it bad to borrow?
8. Inflation central banks, money and you.
9. Growth more stuff.
10. Inequality more stuff for whom?

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11. Trade NAFTA, sucking sounds, potato chips and microchips.
12. Health Care greedy doctors, greedy patients and greedy insurance companies.
13. Pensions insuring the risk of living too damn long.
14. Redistribution how much, to whom and why?

Grading: 2 midterms (30% each)            60%

Tutorial                                    10%

Final                                        30%

Required Texts: 1. The course reader is available at the bookstore. It is required.

2. Tim Harford, The Undercover Economist, Random House, 2005. It is required.

Recommended Texts:

Materials/Supplies:

Prerequisite/Corequisite: None. Breadth-Social Sciences.

Notes: \*\*NO TUTORIALS DURING THE FIRST WEEK OF CLASSES\*\*

Students requiring accommodations as a result of a disability must contact the Centre for Students with Disabilities  
778-782-3112 or csdo@sfu.ca.

All students are expected to read and understand SFU's policies with regard to academic dishonesty (T 10.02 and T 10.03). These policies are available at the following web addresses:

<http://www.sfu.ca/policies/teaching/t10-02.htm> and

<http://www.sfu.ca/policies/teaching/t10-03.htm>

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2014 and the data migrated to SFU Archives in 2015.