Evaluation of Economic Policy and Programs

**ECON 4140/ECON7150**

July 3, 2017

|  |  |
| --- | --- |
| **Location**  | TBA |
| **Time**  | Tuesday/Thursday 2:30 – 5:30 pm |
| **Instructor** | Greg Mason  |
| **Office hours** | 12:00 – 2:00 Tuesday |
| **Contact phone**  | 204 474 8610 |
| **Contact e-mail** | gregory.mason@umanitoba.ca  |
| **Course website** | UMLearn |
| **About me** | [www.gregorymason.ca](http://www.gregorymason.ca)  |

Overview

**Case study 1**: The Canadian Child Tax Benefit is a refundable tax benefit designed to increase financial support for Canadian families. It is intended to improve the welfare of children. Does it do that? What do we mean by welfare of children? Do some families benefit more than others? Is this an efficient way to redistribute income?

I have spent much of my academic and professional life trying to understand the impact of public policy and programs. In this course, I share my experiences in measuring the value-for-money of a wide range of public policies.

This course blends economic theory, statistics, quantitative and qualitative methods, and program evaluation in the assessment of public policy and programs. The focus is on government intervention in a mixed economy primarily because public sector policies are usually not subject to market assessment of value.

In this course, you will apply economic evaluation (cost-benefit and cost effectiveness) to assess the value-for-money of diverse public policy and programs in health, agriculture, infrastructure investment, anti-poverty measures, environment & climate change, cultural investments, urban planning, foreign aid, etc. You will increase your understanding of the economic and program evaluation methods used in government to measure the net contribution of public policy to enhancing individual and collective well-being.

The core idea of the course

In a world of finite resources, a policy such as a tax on carbon, environmental regulation, or subsidies for day care displaces alternative approaches, *including doing nothing*. Measurement of unique contribution of a policy must occur in relation to the value of all other approaches to reaching the goals of increased efficiency, or increased equity, or both. This course examines the methods for assessing the value proposition of public policies.

Course objectives (What you will get out of this course)

As a student in this course you will:

1. Increase your ability to develop analytical approaches to the assessment of value for money in public policy through:

**Case study 2**: Vaccination rates for school age children are falling. Now we hear of outbreaks of measles and mumps, and not just children, but professional sports teams. How do we measure the full cost of falling vaccination rates? What is the cost-effectiveness of alternative policies to increase vaccination rates?

* + exposure to the theory and practice of cost-benefit as well as program evaluation; and
	+ debate, independent research and presenting your research to your colleagues.
1. Gain a deeper understanding of a specific policy or program that interests you and/or aligns with your studies
2. Develop a sound economic framework for measuring the value-for-money for a wide range of public policies and programs
3. Learn how to prepare a concise written economic plan to evaluate an existing or proposed policy/ program.

Course map

The course comprises a three-hour session each week with three parts.

1. The first 50 minutes will review core concepts in a lecture format, with questions posed to the class. Lecture notes and key questions appear on the course web site
2. The second 50 minutes will feature a review of key readings. Students will take turns presenting key ideas and critiquing the readings.
3. The final segment of the session will be a policy/methodology debate among teams formed from membership in the class.

The course has two phases. The first (comprising the initial 6 weeks) will present the core theory of economic policy/program formation as well as the theory of change in assessing outcomes. The second (the last 5 weeks) will explore cost/benefit and cost-effectiveness analysis applied to important public policies.

**Case study 3**: Subsidising agricultural insurance is common to compensate for market failure. This is done to avoid economic losses because famers choose may not to purchase insurance. Subsidising insurance prevents farm bankruptcies and larger economic losses. Some agricultural economists dispute the need for subsidising farm insurance.

More detail for each part appears under [**My Expectations**](#MyExpectations).

Learning resources

Lecture notes, articles referenced/provided and other guidance will be available on the UMLearn site for this course. All registered students have access to these materials. There is no formal text. Also available is guidance on paper preparation (videos on Zotero, writing in the active voice, and examples of past papers.)

How the course assessment works

The assessment aligns with the objectives of the course. I will use a mid-term exam of 75 minutes and a final examination of 2 hours to assess your understanding of the first two objectives. The examinations will assess your knowledge of the theoretical foundation of economic policy formation and the methodology of assessing value-for-money. A paper, with two elements will assess your ability to develop a framework and to prepared an economic plan for a specific policy/program of your choice.

The final grade will use the assessment elements as follows

* Mid-Term Exam - 15% (See [below](#Exams))
* Final Exam – 30% (see below)
* Paper Element 1 - 15% (See [below](#Paper))
* Paper Element 2 - 30%
* Class participation – 10% (based of class evaluation of contribution)

Numerical grade conversion: A+ (>90), A (>80), B+ (>75), B (>70), C+ (>65), C(>60), D (>50), F(<50).

This is a blended course with upper year undergraduates and graduate students. I expect graduate students to show more capacity and higher levels of performance.

1. The Mid-Terms and Final Exams will be different in the sense that I expect more economic and academic sophistication from graduate students. See [Exams.](#Exams)
2. The final papers have different [parameters.](#PaperContent)

I will mark to different standards with the “pools” of undergraduate and graduate students.

**Case study 4**: Advocates of active transportation (cycling/walking) argue for increased allocation of road space to these forms of transportation. They assert that such policies provide benefits to all members of society. Is this true? How can we assess the value of increased cycling infrastructure in a city such as Winnipeg, Vancouver, Beijing?

My expectations

I expect students to read the lecture notes and papers prior to each class. Discussion and debate are critical mastering the course material. I plan to examine on the course notes, the readings and the discussions we have in class, so plan to attend the classes.

For my part I will return feedback quickly after exams and paper submission prior to the following class.

The lecture notes are copyright as are my lectures. You may record them for your own purpose, but please do not post or share them.

The university has regulations concerning academic dishonesty. Please see the [fine print](#TheFinePrint) section below.

Be careful with citations and observe the basic dictum to treat other authors’ intellectual property as you would like to be treated. I always check for plagiarism.

How we will communicate

You may contact me through university e-mail … please do not use any other email service as I ignore these messages. This is especially important for submitting papers. The university policy on email appears [here.](http://umanitoba.ca/admin/governance/media/Electronic_Communication_with_Students_Policy_-_2014_06_05.pdf)

You may also phone me at the number on the front page… it forwards to my cell. I turn my cell off at certain times (dinner with my wife, sleeping, etc.) which is something we all need to do for our mental health.

I will return e-mails within six hours (often sooner) except between Friday and Saturday evening when my response may be slower.

I will not respond to text messages or private emails.

My office hours appear at the start of this document. Please feel free to come at those times or email to arrange an appointment.

Class discussions and debate will feature collaboration among teams created in the class. These will be set up within UMLearn, which supports changing team composition and allows team members to collaborate on projects. I may also participate in these discussions.

Paper

A core goal of this course is to develop skills at preparing a high-quality research paper to graduate school, government and industry standards. As part of this process we will review how to structure a paper, develop a literature review/program profile, use reference resources to locate and organize bibliographies, and otherwise create a document to academic and industry standards. Resources exist on the UMLearn site to support you.

The paper has two elements, corresponding to deliverables outline in the learning schedule.

1. *Element 1:* The first deliverable is a program profile that describes the origins of the program and it theory of change (the mechanism by which a policy or program is expected to effect changes in the social, economic, and biophysical, environment.
2. *Element 2:* Students will prepare an evaluation matrix and methodology. The second deliverable is an complete paper where Elements 1 and 2 form a complete paper.

Paper Content

*For Undergraduate Students.* The final papers are limited to 4000 words (exclusive of references and any appendices). Each element should comprise approximately 50% of the final paper. The final paper must read as an integrated essay and not two separate documents. The papers will be assessed on several dimensions. See [Key points for the paper](#KeyPointsforthePaper).

*For Graduate Students.* The final papers are limited to 6000 words (exclusive of references and any appendices). Each element should comprise 50% of the final paper. The final paper must read as an integrated essay and not two separate documents. The papers will be assessed on several dimensions. See [Key points for the paper](#KeyPointsforthePaper).

 I expect the theoretical and economic analysis, as well as the form (referencing, completeness of bibliography, etc.) to be at a high level reflecting the standards for graduate research papers and theses.

I maintain these lengths strictly, since a goal of this course is to express an economic evaluation concisely.

Paper Detailed Description

**Element 1: Context/Policy/Program description** will present the rationale for the program and the theory of change (from an economic perspective). This is actually a literature review.

* What is the program theory of change (how do the policy/program outputs create the desired outcomes)?
* What economic theories support the expected result of the program/policy?
* What confounding influences may interfere with expected outcomes?
* Describe the logic of implementation and theory of change.

**Element 2: Data collection and analysis methodology** will present a plan for data collection.

* What quantitative and qualitative methods are needed to answer the questions
* How is the counterfactual defined and structured?
* What is the schedule for data collection and analysis?
* What threats exist to successful data collection and analysis and how can these be mitigated?

Potential topics

(Students are invited to propose their own policy/program. Please discuss with me first.)

* Select an economic development program directed to a specific sector and create an evaluation plan. Examples include:
* Small scale fisheries
* Capacity development for rural resilience
* Urban agriculture
* Child labour prevention
* Manitoba Hydro’s Power Smart Programs (demand management)
* Using Skype to supplement/replace visits to primary care providers (family physicians, walk-in clinics)
* Cost benefit framework for rapid transit options in Winnipeg (using the current proposals before the City of Winnipeg)
* Select a recently funded project by the World Bank ([**http://www.worldbank.org/projects**](http://www.worldbank.org/projects)) to prepare an evaluation methodology (if one does not exist) or a critical appraisal of an existing evaluation of that project.
* Select a recently funded project by CIDA ([**http://webcast.international.gc.ca/cpc/bci/international/dev\_stories-eng.html**](http://webcast.international.gc.ca/cpc/bci/international/dev_stories-eng.html)) to prepare an evaluation methodology (if one does not exist) or a critical appraisal of an existing evaluation of that project. (Note on the last two topics, or some projects there may be published economic evaluations, in which case you will need to prepare a critique with substantive improvements. Do not represent these evaluations as your own; some former students have… to their regret.)
* Evaluate a policy of retailing liquor through grocery stores (and convenience stores).
* Select one of the supply managed commodities in Canada (eggs, poultry, dairy) and create an economic evaluation of removing these protections for that sector.
* Create an evaluation framework for a province increasing the minimum wage.

**Case study 5**: In primary health care, it is common to advocate screening to detect cancer in its early stages. The presumption is that screening saves lives and money. Decision theory shows that this is not necessarily always the case.

The final paper comprises Element 1 and 2 in both options. The final paper needs to integrate both elements into a single coherent paper.

Collaboration

I will allow collaboration between ***two*** class participants. If you would like to prepare a paper with a colleague from the class, both proponents must inform me in writing, no later than two classes prior to the due date for Element 1.

In creating a team, both members must trust that the other will put in equal work. Also, the final paper must appear as if written by a common “voice”.

* The collaboration must continue until the final paper and you cannot reverse this arrangement – choose your partner carefully.
* Both parties agree that the common paper mark will serve as their individual marks – choose your partner carefully.
* Collaboration must be between peers (either two undergraduate or two graduate students, not a blend.)

Due Dates

Please see the Learning Schedule for specific due dates. Students may re-submit Element 1 to gain a higher mark. This allows you to learn my expectations. You may not resubmit the final paper for a higher mark.

**Sample Papers**

Examples of past “A” papers at the undergrad and graduate level appear on the course website

**Important information on the submission papers**

All papers must be submitted electronically via e-mail (gregory.mason@umanitioba.ca) and in WORD (.doc or .docx) and formatted according to APA style. Please submit the papers using the following subject lines. **I will not covert filenames into the proper format. I will not mark papers submitted through any non-University of Manitoba emnail.**

**ECON4140\_Lit Review\_Draft\_lastname\_firstname.docx**  (or ECON7150 depending on how you are registered)

E**CON4140\_Program Profile\_lastname\_firstname.docx doc** (or ECON7150…)

 *– Example: ECON4140\_Lit\_Review\_Draft\_Marx\_Karl.doc*

**ECON4140\_Final\_Paper\_Draft\_lastname\_firstname.doc** (or ECON7150…)

**Key points for the paper:**

* Please use the subject line as specified above.
* Please only submit Word files. Since I use track changes in Word, I will not read PDF or other text forms and I will not convert alternative text forms into Word.
* I will base the paper mark on three factors:
	+ **Form** (referencing, completeness of source material, referencing accuracy, and integration of hyperlinks and permalinks, etc.)
	+ **Writing** (use of active voice, freedom from spelling /grammar errors, logical layout and transitions, section transitions, ease of reading, etc.)
	+ **Content** (soundness of the evaluation method, creation of effective theory of change, evaluation matrix and data sources, and economic analysis).
* The papers must reflect elements of the course content including lecture notes, readings, and class discussion.

**Exams**

I will use a mid-term and final exam to assess your knowledge of the course materials to the mid-point of the course. These are “open universe” exams. As an **open universe exam**, you may access course materials and the Internet during the exam. If you keep up with the readings and participate in class, you will not need to “cram” for the exams. I am testing on your ability to apply the theory and methods learned in the course, and not to regurgitate facts.

The mid-term will be for 1.5 hours in class, and the final will be 2 hours in the normal examination period.

You will access and administer the exams through the Dropbox/Assessment function in UMLearn. A video on the course site explains how to do this and provides a “practice” file to get this right.

UMLearn is a very strict enforcer of the exam end time; you must upload your answers before the exam end-time, or UMLearn will lock you out. The smart student uploads the answers throughout the exam time – the most recent version overwrites the early version.

Please bring a notebook computer to the exam that can access UMLearn and has Word installed. If you do not have a notebook, let me know prior to the exam and I will arrange one for you. In general, your own computer will always be easier to use than an unfamiliar machine. **At this point in your academic career you need a PC/MAC with MS-Office installed.**

Note: it is your responsibility to learn UMLearn and how to use this approach to examinations. You must be present in the examination room to receive a mark. General UMLearn instruction appears [here](#UMLearn).

**Learning Schedule**

| Lecture Outline |
| --- |
|  **Time** | Topic |
| Week  | Date |  |
|  | Sept 7 | ***Programs and policies – the economic rationale for interventions, programs and polices*** |
|  | Readings/debate - TBA |
|  | Sep 19 | ***Creating an economic evaluation framework*** |
|  | Readings/debate - TBA |
|  | Sept 26 | ***Measuring and valuing economic outcomes and social welfare concepts*** |
|  | Readings/debate - TBA |
|  | Oct 12 | ***Financial concepts in economic evaluation – the cost-benefit model*** |
|  | Readings/debate - TBADuring this class, students will present a five **(5)** minute “elevator” speech on their planned paper. **Element 1 Due** (Comments will be provided by Oct 19, and students may submit a revised version by Oct 26 for a mark improvement) |
|  | Oct 19 | ***Measuring costs of programs and policies*** |
|  | Readings/debate |
|  | Oct 26 | ***Measuring impacts and outcomes 1: Random Controls, Natural Experiments and net impact*** |
|  | Readings/debate **Final version of Element 1 due** |
|  | Nov 2 | **Measuring impacts and outcomes 2: Quasi-experiments** |
|  | Readings/debate |
|  | Nov 9 | **Mid-term – 1.5 hours** |
|  |  |
|  | Nov 16 | ***Mixed-mode data collection and analysis*** |
|  | Readings/debate - TBA |
|  | Nov 23 | ***Decision-analysis in cost-effectiveness analysis in health*** |
|  | Readings/debate - TBA |
|  | Nov 30 | ***Applications to training and education*** |
|  | Readings/debate - TBA |
|  | Dec 7 | ***Applications to poverty policy – the basic income*** |
|  |  | Readings/debate - TBA |
|  | Dec 19 | **Final Paper Due –** Integration of elements 1 and 2 (This date cannot be adjusted)Note: I will not provide feedback to allow a mark upgrade. Make this submission your best effort |
| TBD |  | **Final Exam 2 hours scheduled by registrar** |

**UMLearn**

UM Learn resources are available here [Centre For The Advancement Of Teaching & Learning](http://intranet.umanitoba.ca/academic_support/catl/index.html)

and at <http://intranet.umanitoba.ca/academic_support/catl/resources/umlearn.html>.

**The Fine Print**

**Student Accessibility Services**

If you are a student with a disability, please contact SAS for academic accommodation supports and services such as note-taking, interpreting, assistive technology and exam accommodations.  Students who have, or think they may have, a disability (e.g. mental illness, learning, medical, hearing, injury-related, visual) are invited to contact SAS to arrange a confidential consultation.

*Student Accessibility Services* <http://umanitoba.ca/student/saa/accessibility/>

520 University Centre

204 474 7423

Student\_accessibility@umanitoba.ca

**Collaboration**

This course requires collaboration in preparing debates and discussion materials. I will send non-private emails to the entire group to reveal all student university email addresses.

All communication between myself and you as a student and among students must comply with the electronic communication with student policy (<http://umanitoba.ca/admin/governance/governing_documents/community/electronic_communication_with_students_policy.html>). You are required to obtain and use your U of M email account for all communication between yourself and the university.

**Each student must read and understand university regulations regarding academic integrity as described in the General Calendar.**

* [**Plagiarism and Cheating**](http://umanitoba.ca/student/resource/student_advocacy/cheating_plagiarism_fraud.html)
* [**Personation at an examination**](http://crscalprod1.cc.umanitoba.ca/Catalog/ViewCatalog.aspx?pageid=viewcatalog&catalogid=240&chapterid=2310&topicgroupid=15446)

**Claims that these regulations were not understood will not be accepted.**

**During the exams, you must not communicate with anyone by any means or share your test with anyone except the Dropbox process under UMLearn.**

**Students warrant that the work they submit represents their own personal efforts.**

**Academic integrity**