

School of Government

PADM 503
CHOICES & CHALLENGES FOR
GOVERNMENT IN A MARKET ECONOMY
(24 POINTS)

Trimester One 2009

COURSE OUTLINE

CONTACT DETAILS

Victoria University of Wellington

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Course Dates, Times and Location

Thursday 26th & Friday 27th March 2009

Thursday 16th & Friday 17th April 2009

Friday 8 May 2009

Location and class times to be advised by ANZSOG

Withdrawal Dates

Withdrawal notice must be in writing to School of Government, Victoria University of Wellington. Ceasing to attend or verbally advising a member of staff will not be accepted as notice of withdrawal.

Course Objectives, Course Content, Expected Workload, Group Work, Readings, Materials and Equipment, Assessment Requirements, Penalties, Mandatory Course Requirements, Communication of Additional Information

Refer to the subject outline supplied by ANZSOG.

Faculty of Commerce and Administration Offices

Railway West Wing (RWW) – FCA Student and Academic Services Office

The Faculty's Student and Academic Services Office is located on the ground and first floors of the Railway West Wing. The ground floor counter is the first point of contact for general enquiries and FCA forms. Student Administration Advisers are available to discuss course status and give further advice about FCA qualifications. To check for opening hours, call the Student and Academic Services Office on (04) 463 5376.

Easterfield (EA) – FCA/Education/Law Kelburn Office

The Kelburn Campus Office for the Faculties of Commerce and Administration, Education and Law is situated in the Easterfield Building on the ground floor (EA 005). This counter is the first point of contact for:

- Duty tutors for student contact and advice.
- Information concerning administrative and academic matters.
- Forms for FCA Student and Academic Services (e.g. application for academic transcripts, requests for degree audit, COP requests).
- Examinations-related information during the examination period.

To check for opening hours, call the Student and Academic Services Office on (04) 463 5376.

Use of Turnitin

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine www.turnitin.com. Turnitin is an online plagiarism prevention tool which identifies material that may have been copied from other sources including the Internet, books, journals, periodicals or the work of other students. Turnitin is used to assist academic staff in detecting mis-referencing, misquotation, and the inclusion of unattributed material, which may be forms of cheating or plagiarism. *At the discretion of the Head of School, handwritten work may be*

copy-typed by the School and subject to checking by Turnitin. You are strongly advised to check with your tutor or the course coordinator if you are uncertain about how to use and cite material from other sources. Turnitin will retain a copy of submitted materials on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

General University Policies and Statutes

Students should familiarise themselves with the University's policies and statutes, particularly the Assessment Statute, the Personal Courses of Study Statute, the Statute on Student Conduct and any statutes relating to the particular qualifications being studied. See the Victoria University Calendar or go to www.victoria.ac.nz/home/about/policy/students.aspx

For information on the following topics, go to the Faculty's website www.victoria.ac.nz/fca, under Important Information for Students:

- Academic Grievances
- Student and Staff Conduct
- Meeting the Needs of Students with Impairments
- Student Support

Academic Integrity and Plagiarism

Academic integrity is about honesty – put simply it means *no cheating*. All members of the University community are responsible for upholding academic integrity, which means staff and students are expected to behave honestly, fairly and with respect for others at all times.

Plagiarism is a form of cheating which undermines academic integrity. The University defines plagiarism as follows:

The presentation of the work of another person or other persons as if it were one's own, whether intended or not. This includes published or unpublished work, material on the Internet and the work of other students or staff.

It is still plagiarism even if you re-structure the material or present it in your own style or words.

Note: including the work of others will not be considered plagiarism as long as the work is acknowledged by appropriate referencing.

Plagiarism is prohibited at Victoria University and is not worth the risk. Any enrolled student found guilty of plagiarism will be subject to disciplinary procedures under the Statute on Student Conduct and may be penalised severely. Consequences of being found guilty of plagiarism can include:

- an oral or written warning
- cancellation of your mark for an assessment or a fail grade for the course
- suspension from the course or the University.

Find out more about plagiarism, and how to avoid it, on the University's website at www.victoria.ac.nz/home/studying/plagiarism.html

Manaaki Pihipihinga Programme

Manaaki Pihipihinga is an academic mentoring programme for undergraduate Māori and Pacific students in the Faculties of Commerce and Administration, and Humanities and Social Sciences. Sessions are held at the Kelburn and Pipitea Campuses in the Mentoring Rooms, 14

Kelburn Parade (back courtyard), Room 109D, and Room 210, Level 2, Railway West Wing. There is also a Pacific Support Coordinator who assists Pacific students by linking them to the services and support they need while studying at Victoria University. Another feature of the programme is a support network for Postgraduate students with links to Postgraduate workshops and activities around Campus.

For further information, or to register with the programme, email manaaki-pihipihinga-programme@vuw.ac.nz or telephone (04) 463 6015. To contact the Pacific Support Coordinator, email pacific-support-coord@vuw.ac.nz or telephone (04) 463 5842.



GOVERNMENT IN A MARKET ECONOMY

Subject Outline 2009

1. SUBJECT OBJECTIVES

This subject seeks to provide a public manager's guide to key economic principles and their application to public sector activities.

To do this the subject will

- **First, enable participants to understand the nature of markets.** This is done by providing a primer/refreshers on basic economic principles, in the form of an introduction to the basic language, methods, concepts and frameworks that underpin the economic way of thinking. This will also cover supply and demand, consumer and firm behaviour (microeconomics), plus measurement, growth and operation of the aggregate economy (macroeconomics).
- **Second, enable participants to understand the economic role of government.** This will be achieved by providing a framework for understanding the limits to markets as a form of social organization and for identifying the precise nature of market failure, the objectives of associated collective intervention and forms of intervention including regulation, service provision, redistribution and promoting growth.
- **Third, enable participants to understand the economic way of thinking, through developing frameworks for market, state and growth.** This will be done by way of providing particular economic problems as illustrations and by conveying the nature of the tool-kit that the economic profession brings to examination of issues, both economic and beyond economics. This may be as much critical as supportive.

Participants will then be able to:

- **understand** the world views and tool boxes that economists bring to the study of the economy and its role in human activity
- **employ** the work of economists when specialist knowledge and technique of this kind is called for in public administration and policy
- **appreciate** both the strengths and weaknesses of this influential discipline.

In sum, participants will develop an understanding of the merits and the limitations of economics in the collective domain and the ability to use positive ("objective") and normative ("subjective") models to guide and inform efficient and effective government decision-making.

The course has an applied focus using examples from the Australian and New Zealand economies, though opportunities for considering other nations are incorporated in the subject, as are state and regional perspectives. Applied policy problems may be presented, as far as time permits, from a wide range of areas such as defence, health, wage-fixing, law and order, education, the business cycle, tariffs, arts, environment, immigration, natural resource projects and infrastructure provision.

The ambit of the subject is wide. In standard university undergraduate curricula this material requires three separate semester length subjects in each of principles of microeconomics, principles of macroeconomics, and principles of public economics, plus elements of specialized subjects in welfare economics and growth economics.

2. PREPARATION

The subject does not have prior economics as a prerequisite. Hence the class will comprise varying disciplinary and professional backgrounds, varying levels of prior study and experience and varying job interest in, or need for, economic analysis techniques. The subject is delivered locally across six jurisdictions, by lecturers with differing specializations and interests.

Students who believe that they do have more than sufficient background in this subject can apply to the Subject leader through the ANZSOG EMPA Director to be exempt from the subject. If successful, they will select an elective subject in its place, subject to the agreement also of the university of enrolment.

Graphical methods will be commonly deployed in the subject presentation and in reading. Participants should be familiar with such methods to the level outlined in the Appendix to Chapter 2 of the text by Gans et al (see the full reference below).

Note that you are required to submit a first small assignment at the commencement of classes, so preparation for the subject must be planned accordingly. NZ participants are further asked to at least skim-read an additional local NZ text specified for them, as detailed further below.

3. SUBJECT DELIVERY

The subject will be offered in intensive mode over five days. There will be two blocks or modules of two days plus one separate final day, with approximately a month in between each segment to allow out-of-class learning and preparation.

There will be common agreed core content across jurisdictions. Formal lectures may at times be supplemented by expert practitioner presentations, project team work, case studies, exercises, panels, video-recordings, workshops and the like. Given the comprehensive ambit of the subject, some selectivity by lecturers will be inevitable in depth of coverage.

Cross-jurisdictional attendance will normally be permitted only in special circumstances and must be approved beforehand by ANZSOG through the Student Administrator.

4. WEBSITE

This subject will be supported by our website, and all materials additional to the textbooks will be provided to students through this site.

The GME subject website is at <http://www.anzsog.edu.au/participants/login.php>. You will need a login and password to access both the website and the subject platform. Your username is your first name initial plus your surname as one word e.g. jsmith, and your password is "anzsog09". Select the panel entitled 2009 intake and the "Government in a Market Economy" website link.

5. READING

No single textbook meets all the needs for the coverage, approach and application required for this subject. Two principal textbooks are therefore adopted. The first is a widely used introductory textbook, and the second is a more advanced text devoted to public sector application of economics. The texts are:

- J. Gans, S. King, R. Stonecash and N.G. Mankiw, *Principles of Economics*, Southbank, Vic: Thomson, third edition, 2005,
- Peter Abelson, *Public Economics: Principles and Practice*, Sydney: Mc Graw Hill, 2008.

About one third of Gans et al and a half of Abelson are assigned reading, as specified in the Subject Topics and Schedule section below. No reading beyond the material specified in the Subject Topics and Schedule in this Subject Outline is compulsory. That said, students are welcome to delve into other chapters of the text at their own discretion or to read more widely to add value to their answers and understanding. This will be helpful for each of the exercises, group project and exam. But the additional material is that of the participant's choosing and initiative in responding to the tasks specified.

Since Gans et al is the Australian edition of a US text and Abelson is an Australian text, New Zealand content is provided for NZ participants in an additional text supplied by ANZSOG for use in their local delivery of the subject. It is intended that this be preliminary reading for NZ participants:

- Paul Dalziel and Ralph Lattimore, *The New Zealand Macroeconomy: Striving for Growth with Equity*, South Melbourne: OUP, 5th edition, 2004.

For those so interested, a similar Australian volume to Dalziel and Lattimore is

- P. Lewis, A. Garnet, K. Hawtrey and M. Treadgold, *Issues, Indicators and Ideas: A Guide to the Australian Economy*, Frenchs Forest NSW: Pearson, 4th edition, 2006.

Also in the Australian context, the following text provides an economic analysis of a range of social issues:

- P. Dawkins, and P. Kelly, eds. *Hard Heads, Soft Hearts*, Crows Nest, NSW: Allen and Unwin, 2003.

For Group Project work reference will be required to guidelines for legislation/regulation/spending/tax review. Local jurisdictions may wish to use local guidelines. This will be discussed with the local lecturer. Where no suitable local guidelines are available, it is agreed that for legislation the Victorian Guidelines will be used and for regulation Commonwealth of Australia guidelines will be used. These are:

- <http://www.vcec.vic.gov.au/> (Find "The Victorian Guide to Regulation" and "Hints and Tips" in the regulation review field)
- <http://www.obpr.gov.au/bestpractice.html>

Some on-line dictionaries, glossaries and encyclopedia in this field include:

- AmosWEB Economic GLOSS*arama : www.amosweb.com/gls
- The Economist A-Z: www.economist.com/research/Economics
- The History of Economic Thought website: www.cepa.newschool.edu/het/home.htm
- Virtual Economy Homepage: www.bized.ac.uk/vrtual/economy
- Resources for Economists: www.aeaweb.org/RFE
- Economic Journals: www.oswego.edu/~economic/journals.htm

Economics entertainment¹

The following two texts are light and entertaining discussions of the economics of everyday life:

Tim Hartford, *The Undercover Economist*, London: Abacus, 2006

Robert Frank, *The Economic Naturalist*, New York: Basic Books, 2007

6. ASSESSMENT

Assessment item	Weighting	Due date
Exercise on recorded interview	10%	Day 2
Group project	40%	One week before Day 5
Class test	30%	Day 5 (beginning of class)
Current issues report on Day 5 topic	20%	One week after Day 5

¹ Perhaps this is a contradiction in terms, as Barry Humphries once said of Sydney Society. Incidentally in accessing the website <http://www.csuchico.edu/econ/resource.html> do not select the index of Jokes about Economics or Economists.

Further details on assessment items are as follows:

The recorded interview exercise

This exercise uses recorded interviews and is available through the GME website under the following link: <http://www.anzsog.edu.au/participants/login.php>. Students are expected to base their answers on the interviews, the text and readings. The questions are posted on the website under the assignment link.

The word limit is strictly 300 words for each question in the exercise.

Grades only are provided for the on-line exercise, without further detailed report, as this is a formative assessment exercise.

The exercise should be completed individually to allow progress to be gauged.

Group Project (max 3000 words)

Students are required to write a group report evaluating one piece of policy-related legislation, industry regulation or spending program, either existing or proposed. The report should make an evidence-based recommendation which may or may not involve changes to the legislation, regulation or spending program.

Where available, students may wish to use guidelines provided to agencies for review of legislation.

Where a review by others has already taken place the report may take the form of a critical review or analysis of previous work, adding your own final conclusions and judgments.

The essential core logic of much evaluation of legislation, regulation or spending is that of cost-benefit analysis. However the emphasis should be more on the economic principles involved rather than a detailed quantitative analysis.

The Group Report will be based on project teams, and provision is made in the timetable for meetings of teams to decide on project topics and arrange approach and work allocation and establish logistics for any further meetings needed outside of class. Participants might wish to have thought in advance of proposals for topics and possible procedures for decision and implementation. Opportunities for international insight or comparative work as part of the project will be welcomed. Group management is a matter for the group itself, including issues of free-rider behaviour.

Word length is up to 3000 words (not including any footnotes and appendices). Words in excess of the stipulated word length will be ignored by the instructor.

Grading criteria are indicated in the assessment matrix below.

Group Project Assessment Criteria:

Content and Presentation in relation to:	Excellent	Very Good	Good	Sufficient	Poor	Not Applicable
Understanding of Context of Case Chosen						
Discussion of Objectives of the Activity						
Discussion of Options						
Identify Benefits & Costs						
Critical Assessment of Benefits & Costs						
Implementation issues						
Monitoring of Response/ Evaluation						
Overall structure and coherence						

Class test

This test will be of one hour's duration and will be conducted at the beginning of day five. It will consist of at least four short answer questions based on course content on Days 1 to 4. The 2008 test is attached as an Appendix to this subject outline. This will be a good guide to the 2009 test in terms of both content and format.

The current issues report

Students are required to write a 1000 word report on a current issue of their choice provided it is closely related to the topic in Day 5 i.e. macroeconomics and international economics. The issue must have been reported in the mainstream media in the week prior to the Day 5 class. In the report students should address the following:

- what are the salient economic principles pertaining to the issue?
- what are the main alternative views on this issue?
- what is the significance of the issue for national economic welfare?
- what are two alternative policy options for dealing with the issue? Which do you prefer?

One can think of the following examples of issues that might be reported:

- a recent or imminent decision by the Reserve Bank to change interest rates
- government decisions about the settings of fiscal policy
- a decision to change the level or type of government assistance to an import competing industry or an export industry
- meeting of the WTO to discuss trade liberalization
- the issue of China's managed exchange rate
- the issue of current account balances around the world

7. MARKING POLICY

The assessment tasks are common to all jurisdictions, but will be marked locally. In order to ensure consistency of marking standards across jurisdictions, the final marks for the subject out of 100 will be moderated to a common mean of 75. This means that raw marks awarded for each assessment items should be regarded as indicative only. The moderation process may result in aggregate raw marks being adjusted up or down, although it is anticipated that any such adjustments will be small.

8. ATTENDANCE REQUIREMENTS

Full attendance by participants is expected for all EMPA subjects and a record of attendance will be maintained in this subject. Where absence is unavoidable, notification of such both to the subject leader and to the ANZSOG Student Coordinator as soon as possible is required. If a student is absent for 2 sessions or more, additional work in lieu of attendance will be required. If a student is absent for more than 20% (4 sessions or 1 day) of class contact time, the student will be required to repeat the subject, including all assessable work. Should this occur, the result may be recorded as a fail at the student's university and the student would then be liable for payment of the repeat subject.

Cross-jurisdictional attendance for subjects conducted in multiple locations will normally be permitted only in special circumstances and must be approved beforehand by ANZSOG through the Student Administrator.

9. ASSIGNMENT WORK

Assignments should be typed and submitted directly to ANZSOG by c.o.b. on the date due. Submit your assignments at assignment@anzsog.edu.au. You will receive confirmation of receipt within a day of submission.

Non-completion / late submission of assessment

All assessable work is compulsory and completion of all components of assessment is required to pass the subject. If, because of illness, a participant is unable to complete work or complete the exam at the scheduled time, a medical certificate must be produced. Other exceptional circumstances (eg bereavement, highly abnormal work obligations) affecting capacity to complete assessment should be discussed with the lecturer and separate or make-up assessment may need to be substituted to achieve the same learning outcomes. Supporting attestation, for example a work supervisor's written explanation, may be required. Penalties will apply where no adequate exception is established.

Timely completion of assessable work is also expected. A penalty of 5% of the total mark for an item of assessment will be applied for each day late unless waiver for good reason is arranged with the subject leader beforehand. The ANZSOG Student Guide, given to all students, states,

Extensions are normally granted only for medical or other serious reasons. Work related reasons are not normally accepted, as all students are required to balance

hectic work schedules and are advised at the commencement of each subject of assessment requirements.

Applications for exception or extensions must be made before the due date. Students should complete the *EMPA application for assessment extension* form that can be found on the ANZSOG website and email it to the Student Administrator who will consult the local lecturer (in cases involving up to two days extension) and the Subject Leader (in cases involving two or more days extension) to facilitate equity across jurisdictions. In such cases, students will be contacted about any decision reached.

Word limits

Note that text in excess of any stipulated word length may be ignored by the instructor. Word count does not include footnotes, references or appendices, but excessive use of supplementary material in turn may be penalised

Referencing

In all assessable work, full acknowledgement of sources used is required - both for general referencing and for quotation. This includes acknowledgement of any internal documents or web sources relied upon. Where extracts are used directly these must be cited, where ideas are relied upon more broadly referencing is still needed. Please include a full reference list at the end of the assignment, listing in alphabetical order all references cited in the assignment, and in a standard format. The Harvard citation style is preferred and can be found at <http://ilp.anu.edu.au/citations/harvard/harvard.pdf>

Plagiarism

Plagiarism remains unacceptable in any format for the purposes of this subject. Students should be aware that software (eg "Turn-it-in") may be used at the discretion of ANZSOG to review material submitted. Serious penalties may be applied in cases of plagiarism.

Return of marks

ANZSOG is aiming at assessment turn-around of two weeks for all assessment items except for the group project which will be three weeks. Allowance of an additional week will be made for larger classes eg Melbourne and Sydney.

10. SUBJECT TOPICS AND SCHEDULE

I. BASIC PRINCIPLES OF MARKET ECONOMICS		
TIMING	SESSION CONTENT	READING AND RESOURCES
Day 1: Morning Session 1.1 9-10:30am	The Nature of Economics, Economic Thinking and Government: What is Economics? <ul style="list-style-type: none"> The basic principles of economics: how decisions are made, how people interact, how the economy as a whole works, the role and functions of government. The scientific method in economics, relationship to policy, the nature of disagreement in economics, contrasting theory and reality The economic nature of government in practice: allocation, stabilisation, distribution and merit 	Reading: Gans Chs 1,2 (including appendix). Abelson, Ch. 2 Extra material: video welcome on website from Secretary of Australian Treasury (Dr Ken Henry) and interviews with Dr Peter Shergold, former Secretary of Department of Prime Minister and Cabinet and former NZ State Services Commissioner Dr Mark Prebble also on website; video interview with Banks
Day 1: Morning Session 1.2 11am-12:30pm	The Nature of Markets : How do markets work? How well do markets work? <ul style="list-style-type: none"> The basic forces of supply and demand and their interaction including consumer and producer behaviour and equilibrium and adjustment Consumer and producer welfare; the efficiency of markets; the Invisible Hand proposition 	Reading: Gans Chs 4,7; Abelson Ch 1 and Ch 3 pp 42-45 only
Day 1: Afternoon Session 1.3, 1.4 1:30-3:00pm 3:30-5:00pm	Further applications of supply and demand in product markets, factor markets and asset markets Examples might include: shortages for goods and services such as water, public hospital beds, university places, taxi services, electricity at peak times; unemployment as a labour market disequilibrium; single desk marketing of agricultural products; house prices; interest rates; exchange rates	Reading: articles may be provided by local lecturers from the print media and business journals/magazines
Day 1: Evening 5:00-6:00pm Session 1.5	Discussion of Group Project: Initial project team meetings	Reading: Legislation/Regulation/Spending/Tax Review guidelines
	Recorded Interview Exercise due on Day 2 Submit to Assignment@anzsog.edu.au	Material: Video interviews on website with Henry, Shergold and Prebble Reading: Gans Chs 1, 2
Day 2: Morning Session 2.1, 2.2 9-10:30am, 11am-12:30pm	Theory of Market Failure: do markets go wrong? <ul style="list-style-type: none"> Causes and types of market failure: public goods, externalities, information failure, monopoly Review of additional sources of market inadequacy: distribution of income and wealth and merit goods issues. Plus specification of government functions and instruments; supply or contract, regulate, tax/subsidise, facilitate, exhort 	Reading: Abelson, Ch. 4 has the essential material. For students seeking a more in depth treatment, see chapters 11, 13, 14, 15 Extra Material: video interview with Prof. Bruce Chapman; plus voluntary material for self-paced learning through ANZSOG on-line case studies: HECS; Air New Zealand-Qantas; ACCC-Video Ezy
Day 2: Afternoon Session 2.3 1:30-3:00pm	Theory of Market Failure: do markets go wrong? cont. Theory of Collective Failure: does government go wrong? <ul style="list-style-type: none"> Normative theories of public choice and individual values, the Impossibility theorem 	Reading: Gans Ch 23; Abelson, Ch,10 Extra Material: video interviews with Productivity Commission, Chairman (Gary Banks)

	<ul style="list-style-type: none"> Positive theories of the nature and behaviour of voters, politicians, bureaucrats and interest groups: Rent-seeking , behavioural economics 	
Day 2: Afternoon Session 2.4 3:30-5:00pm	Project team meeting	Reading: Legislation/ Regulation etc Review Guidelines
II. THE ECONOMICS OF PUBLIC SECTOR ACTIVITY		
Day 3: Morning Session 3.1 9-10:30am	Day 3 topic: Government Supply Activity <ul style="list-style-type: none"> Efficient delivery of public services 	Reading: Abelson Ch 16
Day 3: Morning Session 3.2 11am-12:30pm	<ul style="list-style-type: none"> Pricing of public services 	Reading: Abelson Ch 17
Day 3: Afternoon Session 3.3 1:30-3:00pm	<ul style="list-style-type: none"> Public or private ownership 	Reading: Abelson Ch 18 Extra Material: Grimsey and Lewis, <i>Public Private Partnerships</i> , Cheltenham: Edward Elgar, 2004
Day 3: Afternoon Session 3.4 3:30-5:00pm	<ul style="list-style-type: none"> Application to sectors such as transport, health and/or education 	Reading: Abelson Chs 12, 19 and/or 32 Extra Material: For voluntary self-paced learning ANZSOG HECS Case Study; ANZSOG Privatisation of Melbourne Public Transport Case Study can be accessed online
Day 4: Morning Sessions 4.1, 4.2 9-10:30am, 11am-12:30pm	Government Redistribution Activity: how does redistribution of income and wealth operate? <ul style="list-style-type: none"> Social welfare policies of the tax-transfer type including in-kind provision and incentive issues Policies linked to the labour market and to retirement concerns, including immigration, unemployment, family assistance, disability and retirement 	Reading: Abelson Chs 30 and 31 Extra material: video interview with Professor Ann Harding
Day 4: Afternoon Sessions 4.3, 4.4 1:30-3:00pm, 3:30-5:00pm	Government, Productivity and Growth: how does government influence productivity and growth? <ul style="list-style-type: none"> Determinants of growth and role of market and state examined Links to notions of business capital and human capital and newer concerns for natural capital and social capital including institutions and governance 	Reading: Abelson, Ch 5, Gans Ch 26 Extra material: video interviews with proponent of systems approaches to policy for ecology and for innovation: Don Scott-Kemmiss
Day 4: Evening 5:00-6:00pm	Group project discussions by project teams	Reading: Regulation Review Guidelines
Own Time	On-line self-paced exercise: no submission Completion of Group Project for submission one week before day 5 of classes. Submit to: assignment@anzsog.edu.au	See eLearning website
III. MACRO AND GLOBAL PERSPECTIVES		
Day 5: 8:30-9:30am	Class Test	
Day 5: Morning Session 5.1 9:30-10:30am	Macroeconomics: what determines overall economic activity in an economy? <ul style="list-style-type: none"> Measurement of aggregate output and prices Basic elements of national accounts and other measures of economic activity 	Reading: Gans Chs 24, 25

Morning Session 5.2 11am-12:30pm	Stabilisation policy: what is it and how does it work? <ul style="list-style-type: none"> • Monetary policy • Fiscal policy 	Reading: Lewis et al: Chs 3, 8, 12 Extra material: video interviews with Governor of Reserve Bank of New Zealand (Dr Allan Bollard) and Director of the Australia Institute (Dr Clive Hamilton)
Day 5: Afternoon Session 5.3 1:30-3:00pm	International and Global Economics: how does a national economy link to the world? <ul style="list-style-type: none"> • The gains from trade; import protection 	Reading: Gans Ch 3
Afternoon Session 5.4 3-5:00pm	<ul style="list-style-type: none"> • The balance of payments, esp. the current account balance • The implications of globalisation for the economy and for policy autonomy 	Reading: Gans Ch 31 Abelson Ch 34
Day 5: Evening or earlier	Subject Evaluation: Students complete subject evaluation	Auspice: Organised through class representative and ANZSOG office Melbourne
Own time	Submit Current Issues Report one week after Day 5	

11. SUBJECT LEADER AND PRESENTERS

Professor Ross Guest is overall Subject Leader and is available as follows:
r.guest@griffith.edu.au; ph: 07 5552 8783; 0409 760446.

Local presenters and their contact arrangements are as follows:

CLASS INFORMATION

CITY AND LECTURER	DELIVERY DATES & TIMES	LOCALE	ROOM LOCATION
Brisbane Prof. Ross Guest r.guest@griffith.edu.au 07 5552 8783	Classes start at 9:00 on day 1 except for Brisbane. After that local lecturers will inform you of times. March 26 (8:30 start) & 27 April 16 & 17 May 8	UQ Business School Downtown Level 19 Central Plaza 345 Queen Street Brisbane, QLD 4001 Telephone: + 61 7 3346 7111 Website: www.business.uq.edu.au/downtown	Day 1: The MBA Theatre Day 2 to 5: The Hub
Canberra Dr Richard Denniss richard.denniss@anu.edu.au 02 6125 0127	March 26 & 27 April 16 & 17 May 8	Australian National University, University House Cnr Balmain Crescent & Liversidge Street Acton ACT Telephone: + 61 2 6125 5211 http://www.anu.edu.au/unihouse/welcome.htm	Drawing Room
Melbourne Dr George Rivers george.rivers@buseco.monash.edu.au 03 9903 1128	March 26 & 27 April 16 & 17 May 8	Melbourne Business School 200 Leicester Street Carlton, Vic 3053. Telephone: + 61 3 9349 8400 www.mbs.edu	TBA
Sydney Prof. Peter Abelson, pabelson@appliedeconomics.com.au 02 9850 8512	March 26 & 27 April 16 & 17 May 8	UNSW CBD Campus University of New South Wales 1 O'Connell Street Sydney NSW 2000 Telephone: +61 2 9931 9444 Website: www.venuesandevents.unsw.edu.au	Conference Room 1, Level 6

<p>Wellington Dr Veronica Jacobsen veronica.jacobsen@justice.govt.nz</p>	<p>March 26 & 27 April 16 & 17 May 8</p>	<p>Duxton Hotel Wellington 170 Wakefield Street PO Box 1843 Wellington 6140 New Zealand Telephone: +64 4 473 3900 http://www.duxtonhotels.com</p>	<p>Day 1 and 2: Duxton 4 Day 3 and 4: Private Room Day 5: Chambers 3 (TBC)</p>
<p>Adelaide Dr Paul Mcleod paul.mcleod@uwa.edu.au</p>	<p>March 26 & 27 April 16 & 17 May 8</p>	<p>Stamford Plaza Adelaide 150 North Terrace, Adelaide SA 5000 Australia Telephone +61 8 846 1111 http://www.stamford.com.au/spa/</p>	<p>Boardroom, Level 5</p>

APPENDIX

The following is the 2008 Class Test which will be a useful guide to the 2009 test in terms of both content and format.



SUBJECT: GOVERNMENT IN A MARKET ECONOMY 2008

TEST TO BE DONE IN DAY 5 CLASS

INSTRUCTIONS

- Time: 8.30am to 9.40am (including an initial 10 minutes reading time during which no writing is permitted)
- closed book test: dictionaries are permitted, but not other textual material or electronic devices that interfere with concentration by others eg computers, calculators, mobile phones
- weight of this test in overall assessment is 30%
- for each of the four topics, choose one of the two alternative questions. Do not do both questions on any of the four topics.
- equal weight is accorded to each question
- 10 minutes reading time is allowed during which no writing is permitted but clarification of questions may be sought
- begin each question on a new page in the exam booklet provided

QUESTIONS

Provide answers to one of the two questions on each of the four topics.

Day 1 topic

1a Consider a proposal for the Government to put a ceiling on housing rents with the aim of improving the affordability of rented housing. Do you think this policy would be justified on either fairness or efficiency grounds?

OR

1b Consider a highly competitive market such as the market for fresh fish in a large coastal town or city. Do you think such a market would be likely to deliver efficient outcomes in the absence of government regulation? Why? Under what circumstances might government regulation be warranted?

Day 2 topic

2a Explain why a carbon trading scheme and a carbon tax can both deliver economically efficient outcomes (given certainty about economic costs and benefits).

OR

2b Give an example of a public health campaign. Is it a public good? Would it be provided optimally by the private sector? Why?

Day 3 topic

3a What is the economic case for off-peak pricing of certain government services? (Off-peak pricing means charging a lower price during periods of low usage.) Illustrate your answer with an example.

OR

3b Evaluate the economic case for vouchers for school education.

Day 4 topic

4a "Minimum wages for 16 year olds at the supermarket check out are not an effective way of achieving social justice. It would be better to pay market wages and supplement low incomes through the social welfare system." Do you agree?

OR

4b Why do living standards tend to rise over time? Why are China's living standards rising faster than either Australia's or New Zealand's?