

School of Economics and Finance  
**PUBL/ECON 411: Public Economics B**  
Trimester Two 2009  
**COURSE OUTLINE**

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**Course lecturer and coordinator**

Paul Calcott 463-6585 [paul.calcott@vuw.ac.nz](mailto:paul.calcott@vuw.ac.nz)  
Lectures: RWW128 Fri 14:40-16:30  
Office hours: RH 324 Mon 12:30-1:30 or by arrangement

**Content**

Social regulation and its alternatives; applications in environmental policy, health and safety regulation and interventions to influence savings decisions.

*Overview of regulatory instruments*

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|---|---------|
| 1. Implementation in a first-best world | 17 July |
| 2. Regulatory failure                   | 24 July |
| 3. Upstream and downstream              | 31 July |

*Policy responses to environmental externalities*

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|---|--------|
| 4. Heterogeneity and regulatory flexibility | 7 Aug  |
| 5. Enforcement and evasion                  | 14 Aug |
| 6. Cap-and-trade v. Pigouvian taxes         | 21 Aug |

*Paternalism and risk regulation*

- |   |        |
|---|--------|
| 7. Risk and safety regulation             | 11 Sep |
| 8. Taxing internalities                   | 18 Sep |
| 9. Asymmetric and libertarian paternalism | 25 Sep |

*Cost-benefit analysis*

- |                                      |        |
|--------------------------------------|--------|
| 10. Rationales and roles for cba     | 2 Oct  |
| 11. Valuation                        | 9 Oct  |
| 12. Discounting and the Stern report | 16 Oct |

Study period 19 Oct-26 Oct

Exam period 27 Oct-14 Nov

Students should be able to attend an examination at the University at any time during the formal examination period.

Withdrawal dates: <http://www.victoria.ac.nz/home/admisenrol/payments/withdrawalsrefunds.aspx>

There is no textbook. There will be **readings** every week. Usually these readings will be articles that can be downloaded via links on [Blackboard](#), but on occasion, hard copies may be made available at the SEF reception area on the third floor of Rutherford House.

Course documents, **announcements**, assignment questions and other information will also be available on the blackboard website: <http://blackboard.vuw.ac.nz>.

**Assessment:**

2 assignments          2500 words    20% each    11 Sep & 9 Oct  
2 hour final exam                          60%          27 October - 14 November

Silent non-programmable calculators will be permitted in the exam, but not useful.

Assignments that are late without permission will attract **penalties** of 5% points a day. They will only be assessed up to the word limit.

There are no **mandatory course requirements**.

The official **expected workload** is 150 hours, or 12 to 13 per week.

**Required background**

Although this is not a particularly technical course by honours standards, a basic understanding of microeconomic concepts and methods will be assumed. ECON 201 is officially a prerequisite and should be more than enough. But if you are not familiar with concepts such as *externality*, *Pareto efficiency* and *partial differentiation*, then you probably need some background reading. Assessment is predominantly with essays, but mathematical notation will be used frequently in lectures.

**Course delivery:** Weekly two-hour lectures.

**Learning Objectives:**

Students passing this 400 level course in Public Economics should be able to:

1. Distinguish paternalist from externality-based motivations for intervention.
2. Compare regulatory approaches such as specification standards, performance standards, process-based standards and general duties in terms of their efficiency and their susceptibility to distortion and regulatory failure.
3. Evaluate the robustness of price- and quantity-based policy instruments to uncertainty, heterogeneity and enforcement costs.
4. Appraise the potential of developments in behavioural economics to inform debates about social regulation and corrective taxes.
5. Discuss the role of cost benefit analysis in evaluating proposed regulations.

Assignment 1 will address objective 2 and assignment 2 will address objective 4. Any of the objectives may be addressed in the exam.

Your assessed work may also be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

**Links:**

Academic Integrity & Plagiarism: <http://www.victoria.ac.nz/home/study/plagiarism.aspx>

General University Policies & Statutes: <http://www.victoria.ac.nz/home/about/policy/academic.aspx>

Faculty of Commerce & Administration Offices: <http://www.victoria.ac.nz/fca/studenthelp/Contactus.aspx>

Manaaki Pihipihinga Programme: [http://www.victoria.ac.nz/st\\_services/mentoring/](http://www.victoria.ac.nz/st_services/mentoring/)