

School of Economics and Finance

PUBL/ECON 411:
PUBLIC ECONOMICS: ECONOMICS OF SOCIAL REGULATION
Trimester One 2011
COURSE OUTLINE

Course lecturer and coordinator

Paul Calcott 463-6585 paul.calcott@vuw.ac.nz
Lectures: RWW128 Thur 11:30-13:20, 3 March-2 June
Office hours: RH 324 Thur 14:30-15:30 or by arrangement

Lecture schedule

03 March	L1	Motivations for social regulation; first-best implementation
10 March	L2	Regulatory failure I: offsetting behaviour
11 March		Last day to withdraw with fees refunded
17 March	L3	Up- and down-stream; performance vs design standards
24 March	L4	Heterogeneity & flexibility; the case for 'economic instruments'
31 March	L5	Cap and trade
07 April	L6	Enforcement and evasion
14 April	L7	Gatekeeping regulation; management-based regulation
15 April		Assignment 1 due
21 April		Midterm break
28 April		Midterm break
05 May	L8	Information provision; disclosure mandates
12 May	L9	Neopaternalism
14 May		Last day to withdraw without approval from Colin Jeffcoat
19 May	L10	Internality taxes
26 May	L11	Regulatory failure II: capture, irrationality and RIAs
27 May		Assignment 2 due
02 June	L12	Discounting and uncertainty
09 June		Study period
10 June		Exam period begins
02 July		Exam period ends

Reading: There is no textbook. There will be readings every week and audio recordings some weeks. Links to these readings and audio files will be on [Blackboard](#).

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

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 a prerequisite.

If you are not familiar with concepts such as *externality*, *Pareto efficiency* and *partial differentiation*, then you probably need to do some background reading. You will need to follow some mathematical argument in lectures and in the readings. In addition, you need to have or acquire some ability to read and interpret regression results.

Assessment:

Two 2500 word assignments 20% each 15 April & 27 May
2 hour final exam 60% Friday 10 June - Saturday 02 July (inclusive)
Silent non-programmable calculators will be permitted in the exam, but not useful.

If you enrol in this course, or any course with an exam, you have to be able to attend an exam at the University at any time during the formal examination period.

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 **expected workload** is a total of 150 hours. In addition to the 24 hours of classes, this might comprise nine hours per week during teaching weeks spent reading, studying and writing assignments, and a further 18 hours revising during the mid-trimester break and study week.

Course delivery: Weekly two-hour lectures.

Withdrawal from course

1. Fees will be refunded if you withdraw from this course on or before 11 March 2011.
2. The standard last date for withdrawal from this course is 14 May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Deans Permission to Withdraw Late' including supporting documentation

The application form is available from either of the Faculty's Student Customer Service Desks.

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.

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.

A **Class representative** will be selected in the first week. That person's name and contact details will be available to VUWSA, the Course Coordinator and the class. The class rep provides a communication channel to liaise with the Course Coordinator on behalf of students.

General University Policies and Statutes

Key dates, explanations of grades www.victoria.ac.nz/home/study

Academic progress & restricted enrolment: www.victoria.ac.nz/home/study/academic-progress.aspx

University statutes & policies: www.victoria.ac.nz/home/about/policy

Qualification statutes: www.victoria.ac.nz/home/study/calendar.aspx (See Section C).

Academic processes: www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx

Other links:

AVC (Academic). Conduct, Academic Grievances, Students with Impairments, Student Support: www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx

FCA offices: www.victoria.ac.nz/fca/studenthelp/

Manaaki Pihipihinga: www.victoria.ac.nz/st_services/mentoring/