

School of Economics and Finance

**ECON 307 / PUBL 303:  
Public Sector Economics**

Trimester Two 2012

**COURSE OUTLINE**

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**Name and Contact Details**

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Bob Stephens RWW 521 463-9491. [bob.stephens@vuw.ac.nz](mailto:bob.stephens@vuw.ac.nz)

**Class Times and Room Numbers**

Lectures: GBLT4 Tues, Thurs 14:40-15:30  
Tutorials: RWW125 Tuesday 13:40-14:30, or  
RWW125 Tuesday 15:40-16:30, or  
RWW125 Tuesday 16:40-17:30, or  
RWW127 Thursday 10:30-11:20, or  
RWW128 Thursday 16:40-17:30.

Office hours: Please email to arrange a time.

**Approximate course content**

1. Introduction, welfare theorems, market failure	Chap 2	Paul
2. Externalities, competition, charter schools	Chaps 5,20	Paul
3. Principals and agents, testing, standards	§6.4, Chap 20	Paul
4. Public goods, privatisation, private prisons, incomplete contracts	§§9.2-3, Chaps 4,21	Paul
5. Taxation: Concepts and theory	Chaps 10-11	Bob
6. Taxation: Personal Income Tax and GST	Chap 13	Bob
7. Social insurance, adverse selection	§§6.2-6.3, Chap 16	Paul
8. Superannuation, libertarian paternalism	Chap 18	Paul

**What's the difference between ECON307 and PUBL303?**

Both have the same lectures, tutorials and exam. However, there is an extra assignment for PUBL303. ECON307 is a 15 point course, while PUBL303 is a 20 point course.

**Assumed background and forms of assessment**

For the most part, assessment will require you to write coherent explanations and arguments. You will not be required to use more than elementary mathematics in any of the assessments.

However, we will assume that you can understand indifference curves, and other standard diagrams from introductory microeconomics. On occasion, you may be asked to analyse a policy question using diagrams. We may also ask you to interpret empirical evidence, but we do not presume that you have knowledge of advanced statistical techniques.

	ECON307	PUBL303		
Assignment 1	15%	10%	2-3 pages	Thur Aug 16, by 4:00pm
Essay	25%	20%	2000-2500 words	Thur Oct 04, by 4:00pm
Assignment 2	-	10%	2-3 pages	Thur Oct 18, by 4:00pm
Final exam	60%	60%	3 hours	26 Oct - 17 Nov

Suitable calculators will be permitted in the exam, but not particularly useful. You are expected to be able to attend an exam at the University at any time during the formal examination period. The final exam for this course will be some time from 26 Oct - 17 Nov (inclusive).

Essays and assignments that are late without permission will attract **penalties** of 5% points a day. The essay will only be assessed up to the word limit.

## Reading

We will make moderate use of the recommended textbook:

Connolly, Sara & Alistair Munro (1999) *Economics of the Public Sector*, Prentice Hall

It should be available for \$117 at Vic Books. There are also two copies on closed reserve in the library. Lectures will make reasonably frequent reference to material in this book, but will not be restricted to this material.

In addition to the textbook, there will be other readings linked to from the blackboard website: <http://blackboard.vuw.ac.nz>. Course documents, **announcements**, assignment questions and other information will also be available on blackboard.

## Tutorials

There will be tutorials in eight weeks. While attendance is not compulsory, it is highly recommended. The format will be a discussion. The discussion questions should be valuable background for the exam. This means that it is very important that you are prepared to actively participate in tutorials.

Sign-up for tutorials on s-cubed from 3:00 on Tues 17 July until 3:00 on Tues 24 July:

<https://signups.victoria.ac.nz/>.

## Mandatory Course Requirements

There are no mandatory course requirements.

## Trimester Dates

**Teaching period:** Mon 16 July - Fri 19 October

**Study period:** Mon 22 October - Thur 25 October (22 October is a public holiday)

**Exam period:** Fri 26 October - Sat 17 November (inclusive)

## **Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Fri 27 July 2012.
2. The last date for withdrawal is Fri 28 Sep. After that, students forced to withdraw by circumstances beyond their control must apply on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation  
The application form is available at either of the Faculty's Student Customer Service Desks.

## **Course Learning Objectives**

- C1: describe the important schools of thought within public economics and the economics of politics
- C2: explain and evaluate the current level, form and methods of government involvement in the New Zealand economy
- C3: discuss the theoretical reasons for that involvement, and the appropriate design of economic instruments to achieve the objectives of involvement
- C4: explain the influences of economic theories on the design of public policy and management reforms in New Zealand and overseas
- C5: discuss the extent to which there is a trade-off between equity and efficiency, and the degree of complementarities between efficiency and equity
- C6: use the concepts of efficiency and equity in the development of policies for the public sector
- C7: explain the strengths and weaknesses of schools of thought within public economics for analysing policies in the public sector
- C8: use economic techniques to analyse policies in the public sector.

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.

## **Course delivery**

Two 50 min lectures per week for 12 weeks, plus a 50 min tutorial in eight of the weeks.

## **Expected Workload**

The expected workload is a total of 150 hours. In addition to the lecture and tutorial times, this might include tutorial preparation of 16 hours, reviewing material for the test and exam of 80 hours and working on assignments for 20 hours.

## Class representative

A class representative will be elected in the first class, and that persons name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

## Links

- Academic Integrity & Plagiarism:  
<http://www.victoria.ac.nz/home/study/plagiarism.aspx>
- General University Policies & Statutes:  
Key dates, explanations of grades etc: [www.victoria.ac.nz/home/study](http://www.victoria.ac.nz/home/study)  
Find out about academic progress and restricted enrolment at:  
<http://www.victoria.ac.nz/home/study/academic-progress.aspx>  
University statutes and policies: [www.victoria.ac.nz/home/about/policy](http://www.victoria.ac.nz/home/about/policy),  
except qualification statutes, which are available via the Calendar webpage at:  
<http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).  
Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at:  
[www.victoria.ac.nz/home/about\\_victoria/avcadademic/default.aspx](http://www.victoria.ac.nz/home/about_victoria/avcadademic/default.aspx)
- AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support  
[http://www.victoria.ac.nz/home/about\\_victoria/avcadademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcadademic/Publications.aspx)
- Faculty of Commerce & Administration Offices: <http://www.victoria.ac.nz/fca/studenthelp/>
- Te Putahi Atawhai - Maori and Pacific Mentoring Programme:  
[http://www.victoria.ac.nz/st\\_services/tpa/index.aspx](http://www.victoria.ac.nz/st_services/tpa/index.aspx)