

**School of Economics and Finance**

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

Trimester One 2014

**COURSE OUTLINE**

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**Name and Contact Details**

Paul Calcott	RH 324	463-6585	<a href="mailto:paul.calcott@vuw.ac.nz">paul.calcott@vuw.ac.nz</a>	coordinator, lectures in first 6 weeks
Luke Chu	RH 304	463-6855	<a href="mailto:luke.chu@vuw.ac.nz">luke.chu@vuw.ac.nz</a>	lectures in second 6 weeks
Alice Fong	RH 318	463-5353	<a href="mailto:alice.fong@vuw.ac.nz">alice.fong@vuw.ac.nz</a>	administration
Wilbur Townsend			<a href="mailto:wilbur.townsend@gmail.com">wilbur.townsend@gmail.com</a>	tutorials

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**Class Times and Room Numbers**

Lectures:	GBLT4	Mon	10:30-11:20, and
	RHLT3	Thur	10:30-11:20
Tutorials:	RWW413	Mon	2:40–3:30, or
	RWW414	Fri	11:30–12:20, or
	RWW312	Fri	1:40–2:30.

Office hours: Please email to arrange a time.

**Approximate course content**

1.	Efficiency & intervention	§2.3; §9.4; §20.3
2.	Excise taxes, deadweight loss	§19.1; §20.1
3.	Corrective taxes: externalities & internalities	§§5.1,5.3; §§6.3–6.4
4.	Contracting out	§9.4
5.	Superannuation and saving	Chaps 13,22
6.	First-best & and second-best taxes	Chap 18; §20.2
7.	Review of regression	Chap 3
8.	Education	Chap 11
9.	Health	Chaps 15,16
10.	Social insurance	Chaps 12,14
11.	Welfare programmes	§§2.2,2.4; Chap 17; §20.4
12.	Labour taxes	Chap 21

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

Both have the same lectures, assignments, tutorials and exam. However, an essay is required in PUBL303. ECON307 is a 15 point course, while PUBL303 is a 20 point course.

## Assessment

From Trimester 1, 2014, a revised Assessment Handbook will apply to all VUW courses: see <http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

In particular, there will be a new grade scheme, in which the A+ range will be 90-100% and 50-54% will be a C-.

	ECON307	PUBL303		
Assignment 1	20%	10%	3-4 pages	Tues May 6 by 4:00pm
Essay	-	20%	≈2,500 words	Thur May 15, by 4:00pm
Assignment 2	20%	10%	3-4 pages	Thur May 29, by 4:00pm
Final exam	60%	60%	2 hours	Fri 13 June – Wed 2 July

For the most part, assessment will require you to write coherent explanations and arguments. You may be asked to perform a little algebra, but knowledge of calculus will not be required 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. 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: Friday 13th June - Wednesday 2nd July (inclusive).

**Essays and assignments** that are late without permission will attract **penalties** of 5% points a day. Please hand them in to Wilbur's box (#86) on the Mezzanine floor).

## Reading

The recommended textbook is:

Jonathan Gruber *Public Finance and Public Policy* 4e, Worth

It should be available at [Vic Books](#) and for 3-day loan at the [Commerce Library](#). Lectures will make reasonably frequent reference to material in this book. If you manage to find a copy of the third edition, that should also be adequate. In addition, there will be other readings linked to from blackboard: <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. There will be no tutorials in weeks one, two, seven and twelve. Tutorial discussion questions will be posted in blackboard. While attendance is not compulsory, it is highly recommended. We will make an effort to write some exam questions that relate to tutorial questions. The format will be a discussion.

Sign-up for tutorials on s-cubed from Thur 6 Mar at 11:30am until Wed 12 Mar at 10:30am: <https://signups.victoria.ac.nz/>.

## Mandatory Course Requirements

There are no mandatory course requirements.

If you cannot complete an assignment or sit a test or examination, refer to [www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat](http://www.victoria.ac.nz/home/study/exams-and-assessments/aegrotat).

## Trimester Dates

**Teaching period:** Mon 3 Mar - Fri 6 June

**Study period:** Mon 9 June - Thur 12 June

**Exam period:** Fri 13 June - Wed 2 July (inclusive)

## Withdrawal from Course

1. Your fees will be refunded if you withdraw from this course on or before Friday 14 March 2014.
2. The last date for withdrawal is Friday 16 May. 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.

## Prescription

The economic analysis of the role of the state, covering market failure and government failure and related policy instruments, with applications in the areas of taxation, social security and education.

## 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.

Any of the eight course learning objectives can be met in each of the assessments.

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 academic audit. The

findings may be used to inform changes aimed at improving the quality of VBS 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**

23 lectures of 50 min each, plus eight 50 min tutorials.

### **Expected Workload**

The expected workload is a total of 150 hours for ECON307 and 200 hours for PUBL303. In addition to the lecture and tutorial times, this might include tutorial preparation of 16 hours, reviewing material for the test and exam of 80-110 hours and working on assignments for 20-40 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.

### **Student feedback**

Student feedback on University courses may be found at [www.cad.vuw.ac.nz/feedback/feedback\\_display.php](http://www.cad.vuw.ac.nz/feedback/feedback_display.php).

### **Link to general information**

For general information about course-related matters, see <http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>