
School of Economics and Finance

ECON 411:
Public Economics: Economics Of Social Regulation

Trimester Two 2014

COURSE OUTLINE

Course lecturer and coordinator

Paul Calcott 463-6585 paul.calcott@vuw.ac.nz

Lecture times: RWW128 Fri 14:40–16:30

Office hours: RH 324 Please e-mail to arrange a time

Course content:

Regulation is pervasive in modern economies. This course surveys the economic approach to social regulation, with a focus on the selection of appropriate regulatory instruments.

Foundations		
18 July	L1	Motivations for social regulation; first-best implementation
25 July	L2	Performance vs design standards
25 July		Last day to withdraw with fees refunded
01 Aug	L3	Regulatory failure, pre-emption and complexity
08 Aug	L4	Compensating behaviour: safety regulation and energy efficiency
Economic instruments		
15 Aug	L5	Cap and trade I: efficiency and feasibility
22 Aug	L6	Cap and trade II: volatility and uncertainty
22 Aug		Assignment 1 due
29 Aug		Midterm break
05 Sep		Midterm break
12 Sep	L7	Up- and down-stream instruments: solid waste policy
19 Sep	L8	Second-best instruments: carbon leakage and uncovered sectors
Mandates and information		
26 Sep	L9	Mandates: accommodation and occupational safety
03 Oct	L10	Neopaternalism: regulating the terms of credit card contracts
10 Oct	L11	Information provision: nutritional labelling
10 Oct		Assignment 2 due
17 Oct	L12	Disclosure mandates: conflicts of interest
20 Oct		Study period begins
24 Oct		Exam period begins
15 Nov		Exam period ends

Reading: There is no textbook. Readings will be provided via links on [blackboard](#).

Communication of additional information

Course documents, **announcements**, assignment questions and other information will also be

available on the blackboard website: <http://blackboard.vuw.ac.nz>.

Required background

The first six lectures will be held jointly with MMPE 504, and will only involve a modest amount of mathematical notation. Lectures in the final six weeks will tend to be more mathematical. An understanding of basic 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 *first-order conditions*, then you probably need to do some background reading. In addition, you need to have or acquire some ability to read and interpret regression results.

Assessment:

Practical assignment	20%	4pm 22 Aug
Theoretical assignment	20%	4pm 10 Oct
2 hour final exam	60%	24 Oct – 15 Nov (inclusive)

The first assignment will be to write a mock Regulatory Impact Statement. The second assignment will be to work through a theoretical model of a regulation, that will involve maths. Silent non-programmable calculators will be permitted in the exam. The exam will include both mathematical and verbal questions.

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

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-.

Trimester dates

Teaching period:	Monday 14 July – Friday 17 October
Study period:	Monday 20 October – Thursday 23 October
Examination Period:	Friday 24 October – Saturday 15 November (inclusive)

Withdrawal from course

1. Your fees will be refunded if you withdraw from this course on or before Friday 25 July.
2. The standard last date for withdrawal from this course is Friday 26 September. 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.

Course delivery:

Weekly two-hour lectures.

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.

Prescription

The role of policy instruments in achieving policy objectives. Applications are considered in environmental policy, health and safety regulations and interventions to influence savings decisions.

Course 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.

Examinations

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period. The final examination for this course will be scheduled at some time during the following period: Friday 24 October – Saturday 15 November (inclusive).

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

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.

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback.display.php.

Link to general information

For general information about course-related matters, go to: www.victoria.ac.nz/vbs/studenthelp/general-course-information.

Quality assurance

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.