
School of Economics and Finance

MMPE 504:
Regulation: Economics for the Public Sector

Trimester Two 2014

COURSE OUTLINE

Course lecturer and coordinator

Paul Calcott paul.calcott@vuw.ac.nz 463-6585
Class times: First six weeks Fri 14:40–17:30 RWW128
Last six weeks Wed 9:30–12:20, RWW221
Office hours: Please e-mail to arrange a time RH 324

Distortions and instruments

18 July L1 Motivations for social regulation; first-best implementation
25 July L2 Regulatory design in two dimensions: targetting performance vs design
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

Emissions trading schemes

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

Cost benefit analysis

10 Sep L7 Foundations & controversies
17 Sep Midterm test
24 Sep L8 Total surplus, shadow prices & discount rates
01 Oct L9 Revealed & stated preference

Paternalism and information

08 Oct L10 Nudges and the new paternalism
15 Oct L11 Information provision
17 Oct Assignment 2 due

20 Oct Study period begins
24 Oct Exam period begins
15 Nov Exam period ends

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>. If you have any problems accessing Blackboard, you might contact the ITS Service Desk on (04) 463 5050 or its-service@vuw.ac.nz. See www.victoria.ac.nz/its/student-services/.

Reading: Most of the course will be based on readings rather than a textbook. These readings will be provided via links on [blackboard](#). However there is a textbook for the material on cost-benefit analysis, which we will provide:

Anthony Boardman, David Greenberg, Aidan Vining and David Weimer, *Cost-Benefit Analysis* (4e) Pearson <http://victoria.lconz.ac.nz/vwebv/holdingsInfo?bibId=1520960>

Assessment:

RIS for a hypothetical regulation	2500 words	15%	4pm 22 Aug
Midterm test	100 mins	30%	17 Sep
Cost-Benefit exercise		15%	4pm 17 Oct
2 hour final exam		40%	24 Oct – 15 Nov (inclusive)

The first assignment is a mock Regulatory Impact Statement. The second is a cost-benefit exercise. Assignments that are late without permission will attract **penalties** of 5% points a day. Silent non-programmable **calculators** will be permitted in the exam. This course has a **mandatory course requirement** that you obtain at least 40% in each of the test and exam.

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:

The first six weeks will involve weekly two-hour lectures, shared with ECON411, plus a one hour session for discussion, review and practice problems. The final six weeks will be only for MMPE504. There will still have three contact hours per week, but the mix of lectures, discussions and problem solving will vary.

The **expected workload** for MMPE 504 is 200 hours in aggregate; 12–15 hours per week during term, plus around 40 hours (in total) during the break and study period. Each week during term time you should expect to spend: 3 hours in lectures/discussion sessions and 9–12 hours reading, preparing for lectures, and completing assignments.

Prescription

An investigation of forces shaping the behaviour of individuals, private and public organisations.

The course critiques the economic roles of law, policy and regulation in various settings, with case studies on regulatory impact assessment and of agencies such as Health, Education, and Social Development.

Course learning objectives:

Students passing this course should be able to:

1. discuss the principal justifications for government intervention in a market, the incentive problems created by intervention, and when intervention may be appropriate
2. explain how intervention affects incentives and the implications for the distribution of welfare across individuals, households and groups in society
3. summarise the dimensions and functions of selected public sectors
4. demonstrate familiarity with the main legal, policy and regulatory tools/instruments used in selected economies and the principles that guide their optimal use
5. use analytical skills to determine a range of policy options and translate these options in a way that will support useful debate.

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).

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

Student feedback on University courses may be found at www.cad.vuw.ac.nz/feedback/feedback.display.php. However there is currently no information on MMPE504, as it will be held for the first time in 2014.

Link to general information

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