

School of Economics and Finance

**ECON307/PUBL303**  
**PUBLIC SECTOR ECONOMICS**

Trimester 1, 2015

**COURSE OUTLINE**

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**Names and Contact Details**

Coordinator, lectures in second 6 weeks

Yu-Wei Luke Chu            [Luke.Chu@vuw.ac.nz](mailto:Luke.Chu@vuw.ac.nz), RH 304, 463-6855

Lectures in first 6 weeks

Professor Paul Menchik    [menchik@msu.edu](mailto:menchik@msu.edu), RH 204, 463-5233  
[paul.menchik@vuw.ac.nz](mailto:paul.menchik@vuw.ac.nz)

Administrator:

Alice Fong                    [alice.fong@vuw.ac.nz](mailto:alice.fong@vuw.ac.nz), RH 318, 463-5353

**Trimester Dates**

Teaching Period: Monday 2<sup>nd</sup> March – Friday 5<sup>th</sup> June

Study Period: Monday 8<sup>th</sup> June – Thursday 11<sup>th</sup> June

Examination Period: Friday 12<sup>th</sup> June – Wednesday 1<sup>st</sup> July (inclusive)

**Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before Friday 13<sup>th</sup> March 2015.
2. The standard last date for withdrawal from this course is Friday 15<sup>th</sup> May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an '*Application for Associate Dean's Permission to Withdraw Late*' including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks or [online](#).

**Class Times and Room Numbers**

Lectures

Tuesday and Thursday:        **16:40-17:30pm**            in **RHLT2** (Rutherford House, Pipitea)

Tutorials

Tuesday:                        **10:30-11:20am**            in **RWW413** (Railway West Wing, Pipitea)

Tuesday:                        **11:30-12:20pm**            in **RWW413** (Railway West Wing, Pipitea)

Thursday:                        **9:30-10:20am**            in **RWW413** (Railway West Wing, Pipitea)

There will be eight weeks of tutorials. The list of weeks in which they will be held, and the tutorial discussion questions will be posted in blackboard. While attendance is not compulsory, it is highly recommended. 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 via S-CUBED from 9am, 2<sup>nd</sup> March to 1pm, 6<sup>th</sup> March  
<https://signups.victoria.ac.nz/>

**Course Delivery**

24 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.

**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

**Course Content**

<b>Week</b>	<b>Topic</b>	<b>Reading</b>
<b>1</b>	Efficiency and General Introduction to Public Economics	Ch. 1-2
<b>2</b>	Externalities and possible solutions	Ch. 5-6
<b>3</b>	Public Pensions and the Moral Hazard Problem	Ch. 13

<b>4</b>	Structure and Principles of Taxation	Ch. 18
<b>5</b>	Taxation in Theory and Practice	Ch. 19-20
<b>6</b>	Effects of Taxation on Saving, Risk Taking, Wealth-Holding and Other Issues	Ch. 22-23, 25
<b>7</b>	Review of regression	Ch. 3
<b>8</b>	Education	Ch. 11
<b>9</b>	Social insurance	Ch. 12, 14
<b>10</b>	Health	Ch. 15-16
<b>11</b>	Welfare programmes	Ch. 17
<b>12</b>	Labour taxes	Ch. 21

### **Readings**

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, students will be expected to read and study relevant journal articles for some of the topics. Course documents, announcements, assignment questions and other information will also be available on blackboard: <http://blackboard.vuw.ac.nz>.

### **Assessment**

The Assessment Handbook will apply to all VUW courses: see

<http://www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf>.

	ECON307	PUBL303		
<b>Assignment 1</b>	15%	10%	3-4 pages	Tue 21 Apr
<b>Essay</b>	--	10%	≈ 2,500 words	Tue 19 May
<b>Assignment 2</b>	15%	10%	3-4 pages	Thu 28 May
<b>Final Exam</b>	70%	70%	2 hours	Fri 12 June – Wed 1 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.

### **Penalties**

Late submission of assignments and essay will not be accepted unless a deadline is explicitly discussed with and approved by the course coordinator.

### **Use of Turnitin**

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine <http://www.turnitin.com>. Turnitin is an on-line plagiarism prevention tool which compares submitted work with a very large database of existing material. At the discretion of the Head of School, handwritten work may be copy-typed by the School and submitted to Turnitin. A copy of submitted materials will be retained on behalf of the University for detection of future plagiarism, but access to the full text of submissions will not be made available to any other party.

### **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 12<sup>th</sup> June – Wednesday 1st July (inclusive)

### **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)

### **Class Representative**

A class representative will be elected in the first class, and that person's 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.

### **Communication of Additional Information**

Additional information or information on changes will be conveyed to students through the VUW Blackboard website: <http://blackboard.vuw.ac.nz>.

### **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, go to

<http://www.victoria.ac.nz/vbs/studenthelp/general-course-information>

### **Note to Students**

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.

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