

School of Government

GOVT 521
ECONOMICS AND POLICY
(15 Points)

Trimester 2 / 2015

COURSE OUTLINE

Names and Contact Details

Course Coordinator:	Dr Seamus Hogan Senior Lecturer in Public Policy Room RH 831, Level 8, Rutherford House, Pipitea Campus Telephone: (04) 463 6850 Email: seamus.hogan@vuw.ac.nz
Administrator:	Darren Morgan Room RH 821, Level 8, Rutherford House, Pipitea Campus Telephone: (04) 463 5458 Fax: (04) 463 5454 Email: darren.morgan@vuw.ac.nz
School Office Hours:	8.30am to 5.00pm, Monday to Friday

Trimester Dates

Monday 6 July – Wednesday 4 November 2015

Withdrawal from Course

Formal notice of withdrawal must be in writing on a Course Add/Drop form (available from either of the Faculty's Student Customer Service Desks or from the course administrator). Not paying your fees, ceasing to attend lectures or verbally advising a member of staff will NOT be accepted as a formal notice of withdrawal.

1. Your fees will be refunded if you withdraw from this course on or before **Friday 17 July 2015**.

2. The standard last date for withdrawal from this course is **Friday 25 September 2015**. 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 at www.victoria.ac.nz/vbs/studenthelp/publications/Application-for-late-withdrawal-2010.doc.

Class Times and Room Numbers

This course is delivered in a modular format.

Module One:	Wednesday 8 July 2015	9.00am – 5.00pm
Module Two:	Wednesday 26 August 2015	9.00am – 5.00pm
Module Three:	Wednesday 21 October 2015	9.00am – 5.00pm

Locations: Classes will be held on the Pipitea Campus of Victoria University in Wellington and you will be advised of your classroom one week prior to each module by email. The timetable is also available to view on the Victoria University website at www.victoria.ac.nz/students/study/timetables.

Attendance is expected for all three modules of the course.

Course Delivery

This course is delivered in a modular format over three days (three ‘modules’), each of which has 6 hours contact time (18 hours total) between 9.00am and 5.00pm on the days indicated above, supplemented by on-line activities which will require a further 6 hours.

Expected Workload

The learning objectives set for each course are demanding and to achieve them participants must make a significant commitment in time and effort to reading, studying, thinking and completion of assessment items outside of contact time. Courses vary in design but all require preparation and learning before the first module of the course and some require assessments following the last module. Continuous learning is helpful to obtaining high achievement, and those who leave everything to the last moment rarely achieve to a high standard. Expressed in terms of time commitment per course, this 15-point course usually requires approximately 150 hours. Some of that is set contact time for modules. The rest is personal study time and we recommend a weekly commitment of 8 to 10 hours per course, on average. The workload in this course is slightly weighted toward modules 2 and 3.

Prescription

This course examines economic theories, principles and ideas and their application to complex strategic and operational policy issues in diverse sectors; behavioural and institutional economics; the application of theories to selected policy issues.

Course Learning Objectives

This course introduces analytical ideas in economics for understanding policy debates and analysing public policy issues. We start by analysing how markets allow individuals responding to incentives to coordinate their actions in the face of scarcity. We then consider how and why government can influence outcomes by either intervening in markets or participating in them directly.

By the end of the course, it is expected that course participants will have met the following course learning objectives (CLOs):

CLO1	Analyse the perspectives, frameworks and tools that economics brings to the study of public policy
CLO2	Identify what government can and cannot do to improve economic outcomes and how its intervention may affect economic activity
CLO3	Critically analyse economic theories and models in terms of their strengths and weaknesses and apply them as appropriate to public policy problems.

Assessment

The Assessment Handbook will apply to all VUW courses: see www.victoria.ac.nz/documents/policy/staff-policy/assessment-handbook.pdf.

Please submit ALL assignments electronically to sog-assignments@vuw.ac.nz.

There are three pieces of assessment for this course:

Assessment Items	Due Date	Style	%	CLOs
1 Test	Wednesday 12 August 2015	24-hour take-home test	20	1
2 Class Blog: Own post	Wednesday 7 October 2015	1,500 words	20	1, 2
	Class Blog: Comments	Wednesday 21 October 2015	No limit	20
3 Take-home assignment	Wednesday 4 November 2015	14-day take-home assignment, will require approx. 2,000 words	40	2, 3

1. First assessment (20%): An on-line, open-book, concept/short answer test covering Module 1, held between Modules 1 and 2.
2. Second assessment (40%): Economic analysis of a New Zealand public policy issue. Each student will submit an article of around 1,000-1,500 words in blog format to the class blog set up on Blackboard. The article can be posted at any time before Wednesday 7 October 2015. At that point, comments on each post will be open, and students will have two weeks to indulge in a (respectful) discussion on each other's posts. Half of the marks for this assessment (20% of the final grade) will be based on the student's own post and replies to comments on that post; the remainder of the grade will be based on the student's comments on other students' posts. More information about possible topics and the style for blog posts will be supplied during Module 1.

3. Third assessment (40%): take home assignment (on the material covered in modules 2 and 3), due on Wednesday 4 November 2015.

Students should keep a copy of all submitted work.

Penalties

The ability to plan for and meet deadlines is a core competency of both advanced study and public management. Failure to meet deadlines disrupts course planning and is unfair on students who do submit their work on time. It is expected therefore that you will complete and hand in assignments by the due date. Marks will be deducted at the rate of five per cent for every day by which the assignment is late and no assignments will be accepted after five working days beyond the date they are due. For example, if you get 65% for an assignment, but you handed it in on Monday when it was due the previous Friday, you will get a mark of 50%.

Course Content

Module 1 – Wednesday 8 July 2015: Economic Concepts and Theories

This module is organised around “price theory” – the analysis of the role prices play in coordinating actions in a market economy, but also how government policy can use the information contained in prices to improve outcomes.

Session 1: Frameworks 1

- Introduction to the economic approach to social science
- Framework 1: Supply and Demand

Session 2: Frameworks 2

- Budget lines, indifference curves, and production possibility frontiers
- General equilibrium and the two welfare theorems

Session 3: Government and Economic Policy

- Roles for Government in a market economy
- Limitations of government policy
- Government policy tools

Session 4: Welfare Economics

- The Pareto criterion, and the Kaldor-Hicks compensation principle
- The equivalent and compensating variations, and the principles underpinning cost-benefit analysis
- Equity v efficiency
- Non-consequentialist approaches to welfare

Module 2 – Wednesday 26 August 2015: Topics in Microeconomic Policy

The four sessions in this module will analyse four case studies, using the concepts and theories of Module 1. At this stage, I am planning on selecting topics from the following list, but may add others based on the interests of the students in the class:

- Affordable housing policy
- NZ electricity market, and market reform
- Understanding tax and expenditure policy
- Economic Impact Studies
- Promoting better health
- Productivity and growth

Module 3 – Wednesday 21 October 2015: Other Approaches

In this module, we will consider economic policy analysis that uses either different approaches from or extensions to the basic framework outlined in Module 1. Most of this section focuses on macroeconomic policy, but we will also devote some time to discussing how the insights of behavioural economics and socio-economics, which are discussed more fully in GOVT 502 and GOVT 522, can be incorporated within the basic framework.

1. What is Different about the Macroeconomy?
2. Good Times Macro: Macroeconomics as Inflation Control
 - Monetary policy objectives, instruments and transmission mechanisms
 - Rules versus discretion in macroeconomic policy
 - Time consistency and the Reserve Bank Act
 - Government budgeting and fiscal accounting
3. Bad Times Macro: Macroeconomics and Coordination Failures
 - Old and New Keynesian idea
 - The zero lower bound
 - Macro-prudential regulation
 - Quantitative Easing
 - Fiscal multipliers: Economic impact studies revisited
4. Topics in Behavioural and Socio-economics.

Readings

The textbook for the course is:

Guest, R. (2012), *Government in a Market Economy* 3rd edition, Cengage.

Module 1: Introduction to the scope and method of Economics

- Bastiat, F. (1845), “The petition of the candlemakers”, <http://bastiat.org/en/petition.html> .
- Buchanan, J. (1979), “Politics without Romance: A Sketch of Positive Public Choice Theory and its Normative Implications”, reprinted in *The Collected Works of James M. Buchanan* Volume 1: Liberty Fund.
- Harford, T. (2008), “Introducing the Logic of Life”, Chapter 1 in *The Logic of Life*: pp. 1-32, Little, Brown.
- Hayek, F.A. (1945) “The use of Information in Society”, *American Economic Review* 35 (4): 519-30.
- Landsburg, S.E. (2004), “What I like about Scrooge”, opinion article in Slate: www.slate.com/articles/life/holidays/2004/12/what_i_like_about_scrooge.html .
- Landsburg, S. (1995), “Supply, demand and equilibrium”, Chapter 1 in *Price Theory and Applications*: pp. 1-31, West Publishing Company.
- Read, L.E. (1958), “I, Pencil: My Family Tree as told to Leonard E. Read”, www.econlib.org/library/Essays/rdPencil.html .
- Roth, A. (2007), “Repugnance as a Constraint on Markets”, *Journal of Economic Perspectives*, 21 No 3: 37-58.
- Stiglitz, J. (1993), “Using demand and supply”, Chapter 5 in *Economics*: pp. 109-138, W.W. Norton and Company.
- Viscusi, K. (1994), “Cigarette Taxation and the Social Consequences of Smoking”, NBER Working Paper No 4891.
- Weimer, D. and Vining, A (2004) *Limits to Public Intervention: Government Failures, Policy Analysis: Concepts and Practice*, chapter 7 Prentice-Hall.

Module 2: Topics in Microeconomic Policy

- Price, Waterhouse and Coopers (2008), “Adult and Community Education: Economic Evaluation of Adult and Community Education Outcomes”
- Smith, R. (2014), “Are Some Diets ‘Mass Murder’?”, *British Medical Journal* 2014;349:g765, www.bmj.com/content/349/bmj.g7654 .
- Treasury (2015), “Guide to Social Cost-Benefit Analysis”.

Blog Posts and News Articles:

- <http://io9.com/i-fooled-millions-into-thinking-chocolate-helps-weight-1707251800>

Module 3: Other Approaches

- Demeritt, A. K. Hoff, and J. Wals (2015), “Behavioural Development Economics: A New Approach to Policy Interventions”, www.voxeu.org/article/behavioural-development-economics .
- Hart, V (2014), Parable of the Polygons, <http://vihart.com/parable-of-the-polygons/> .
- Scrimgeour, Rev. C. G. (1974), “Scrim”, in Tony Simpson, *The Sugarbag Years*: Alistair Taylor: Wellington.
- Sweeny, J. and R. Sweeny (1977), “Monetary Theory and the Great Capitol Hill Baby-Sitting Co-Op Crisis”, *Journal of Money, Credit and Banking*.

Blog Posts and News Articles:

- <http://marginalrevolution.com/marginalrevolution/2015/05/from-the-comments-on-the-political-implications-of-behavioral-economics.html>
- www.npr.org/sections/money/2010/10/04/130329523/how-fake-money-saved-brazil

Computation of Grades

The translation from numerical marks to letter grades is set by the following grade ranges.

<i>Pass/Fail</i>	<i>Grade</i>	<i>Normal range</i>	<i>Indicative characterisation</i>
Pass	A+	90% - 100%	Outstanding performance
	A	85% - 89%	Excellent performance
	A-	80% - 84%	Excellent performance in most respects
	B+	75% - 79%	Very good performance
	B	70% - 74%	Good performance
	B-	65% - 69%	Good performance overall, but some weaknesses
	C+	60% - 64%	Satisfactory to good performance
	C	55% - 59%	Satisfactory performance
Fail	C-	50% - 54%	Adequate evidence of learning
	D	40% - 49%	Poor performance overall; some evidence of learning
	E	0 - 39%	Well below the standard required
	K	Fail due to not satisfying mandatory course requirements, even though the student's numerical course mark reached the level specified for a pass, usually 50%. A student whose course mark is below 50 should be given a D (40-49) or E (0-39), regardless of whether they met the mandatory course requirements	
Pass	P	Overall Pass (for a course classified as Pass/Fail)	
Fail	F	Fail (for a Pass/Fail course)	

Access to Blackboard

Blackboard is Victoria University's online environment that supports teaching and learning by making course information, materials and other learning activities available via the internet through the myVictoria student web portal. Ensure that you can access Blackboard before the course begins.

To access the Blackboard site for this course:

1. Open a web browser and go to www.myvictoria.ac.nz .
2. Log into myVictoria using your ITS Username (on your Confirmation of Study) and password (if you've never used the Victoria University computer facilities before, your initial password is your student ID number, on your Confirmation of Study, Fees Assessment or student ID card – you may be asked to change it when you log in for the first time).
3. Once you've logged into myVictoria, select Blackboard (from the options along the top of the page) to go to your Blackboard homepage.
4. The "My Courses" section displays the courses you have access to – select the appropriate link to access the course-specific Blackboard site. Please note that only courses that are actually using Blackboard and have been made available to students by their respective course coordinator will be displayed.

If you have any problems gaining access to Victoria University's computer facilities, such as myVictoria and Blackboard, you should contact the ITS Service Desk on (04) 463 5050 or its-service@vuw.ac.nz . See www.victoria.ac.nz/its/student-services/ for more information.

Power-point slides and other lecture materials that are posted on Blackboard may differ from the presentations used in class, as the copyright rules for archived presentations differ somewhat from those for live presentation.

Academic Integrity, Plagiarism, and the Use of Turnitin

Plagiarism is presenting someone else's work as if it were your own, whether you mean to or not. 'Someone else's work' means anything that is not your own idea. Even if it is presented in your own style, you must still acknowledge your sources fully and appropriately. This includes:

- material from books, journals or any other printed source
- the work of other students or staff
- information from the Internet
- software programs and other electronic material
- designs and ideas
- the organisation or structuring of any such material.

Acknowledgement is required for *all* material in any work submitted for assessment unless it is a 'fact' that is well-known in the context (such as "Wellington is the capital of New Zealand") or your own ideas in your own words. Everything else that derives from one of the sources above and ends up in your work – whether it is directly quoted, paraphrased, or put into a table or figure, needs to be acknowledged with a reference that is sufficient for your reader to locate the original source.

Plagiarism undermines academic integrity simply because it is a form of lying, stealing and mistreating others. Plagiarism involves stealing other people's intellectual property and lying about whose work it is. This is why plagiarism is prohibited at Victoria.

If you are found guilty of plagiarism, you may be penalised under the Statute on Student Conduct. You should be aware of your obligations under the Statute, which can be downloaded from the policy website (www.victoria.ac.nz/home/about/policy/students.aspx). You could fail your course or even be suspended from the University. Plagiarism is easy to detect. The University has systems in place to identify it.

Student work provided for assessment in this course may be checked for academic integrity by the electronic search engine 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 subject to checking by Turnitin. Turnitin will retain a copy of submitted materials 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.

There is guidance available to students on how to avoid plagiarism by way of sound study skills and the proper and consistent use of a recognised referencing system. This guidance may be found at the following website www.victoria.ac.nz/home/study/plagiarism.aspx . If in doubt, seek the advice of your course coordinator.

Plagiarism is simply not worth the risk.

School of Government Service Standards

Good learning and teaching outcomes for students in School of Government courses depend on many factors, including open, transparent and accountable relationships between teaching and support staff, and students in their various activities. The following service standards indicate some of the key expectations that teaching staff and students can have of each other. In all cases, they represent what the School believes should be ‘normal’ practice; exceptional circumstances can and will be negotiated as required.

Please note that there are University-wide policies relating to assessment – including rights of review and appeal. Details may be found in the Assessment Handbook (which is reviewed and updated from time to time – www.victoria.ac.nz/about/governance/dvc-academic/publications).

In general terms, any concerns that a student or students may have should be raised with the course coordinator in the first instance. If that course of action is not appropriate, the School’s programme support staff will direct you to the relevant Programme Director/Coordinator.

Standards relating to staff timeliness of responses to email and phone queries:

- Email or phone queries from students will be responded to in 48 hours

Standards relating to availability of course materials:

- Students on modular or intensive courses will usually have course materials at least 4 weeks before the course starts
- Students on weekly courses will usually have course materials available on the first day of the course

Standards relating to attendance:

- It is expected that students will attend all contact teaching sessions for a course. If a student is aware that they will be unable to attend part of a course prior to it commencing, they are required to advise the course coordinator. In such a situation, the student may be declined entry into the course.
- Where a course coordinator approves some non-attendance before the class commences, the course coordinator may set additional item(s) of assessment of learning and teaching objectives for the course for students unable to attend. Advice relating to the submission and assessment of any such additional assessment will be provided by the course coordinator.

Variations to the assessment details provided in the course outline:

- Any variation to the assessment details in the course outline will be formally agreed between the course coordinator and students at the earliest possible time, preferably at the beginning of the course.

Standards relating to assignments – turnaround and feedback:

- Unless otherwise agreed between students and the course coordinator, items of assessment will be marked within 15 working days of submission.
- Comments on pieces of assessment will allow students to understand the reasons for the mark awarded, relative to the teaching and learning objectives specified in the course outline, and will usually include advice on how the student can improve their grades in future assignments.

Mandatory Course Requirements

In addition to obtaining an overall course mark of 50 or better, students must submit or participate in all pieces of assessment required for this course.

Participation in on-line tasks is mandatory.

Any student who is concerned that they have been (or might be) unable to meet any of the MCRs because of exceptional personal circumstances, should contact the course coordinator as soon as possible.

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

Communication of Additional Information

Information will be communicated via Blackboard. It is essential, therefore, that you activate your @myvuw.ac.nz email account (the free email account created for you when you enrol and accessed via the myVictoria student web portal) before the start of the course. Once you have activated your @myvuw.ac.nz email account, if you want to receive these emails at your preferred email address (e.g. your home or work email address), you must modify the settings so all emails sent to it are automatically forwarded to your preferred email address. For more information, please go to www.victoria.ac.nz/its/student-services/FAQs.aspx#Email_Forward .

Student Feedback

This course is offered for the first time this year as GOVT 521.

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 .

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.
