

School of Economics and Finance

ECON 411:

Public Economics: Economics Of Social Regulation

Trimester Two 2016

COURSE OUTLINE

Course lecturer and coordinator

Paul Calcott 463-6585 paul.calcott@vuw.ac.nz
 Lecture times: Wed 9:30–11:30 RWW128
 Office hours: RWW 113 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.

Regulatory design		
13 July	L1	Social regulation; control costs; externalities & internalities
20 July	L2	Incentives vs “command & control”; performance vs design standards;
?? July		Last day to withdraw with fees refunded
27 July	L3	Pigouvian taxes vs abatement subsidies
03 Aug	L4	Preemption & compensation: ecosystem preservation, safety regulation, energy efficiency
10 Aug	L5	Emissions trading schemes
17 Aug	L6	Price vs quantity regulation: volatility & uncertainty
24 Aug		Midterm break
31 Aug		Midterm break
Market transmission of incentives		
07 Sep	L7	Two-part instruments: solid waste policy
07 Sep		Assignment 1 due
14 Sep	L8	Second-best instruments: soda taxes
21 Sep	L9	Up- and down-stream instruments: climate change & carbon leakage
Mandates		
28 Sep	L10	Regulatory incidence: accommodation mandates, occupational safety
05 Oct	L11	Neopaternalism: regulating the terms of credit card contracts
12 Oct	L12	Disclosure mandates: nutritional labelling
12 Oct		Assignment 2 due
17 Oct		Study period begins
21 Oct		Exam period begins
12 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

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 07 Sep
Theoretical assignment	20%	4pm 12 Oct
2 hour final exam	60%	21 Oct – 12 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, 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.

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 21 October – Saturday 12 November (inclusive).

The Assessment Handbook will apply to all VUW courses: see

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

Trimester dates

Teaching period:	Monday 11 July – Friday 14 October
Study period:	Monday 17 October – Thursday 20 October
Examination Period:	Friday 21 October – Saturday 12 November (inclusive)

Withdrawal from course

1. Your fees will be refunded if you withdraw from this course on or before Friday 22 July.
2. The standard last date for withdrawal from this course is Friday 23 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 or [online](#).

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.

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.