

School of Government

PUBL 203 (20 points) / PUBL 209 (15 points)
INTRODUCTION TO PUBLIC ECONOMICS

Trimester One 2013

COURSE OUTLINE

Names and Contact Details

Course Co-ordinator: Dr Antong Victorio
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Administrator: Kerry Pert
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Trimester Dates

Teaching Period: Monday 4 March to Friday 7 June 2013
End of Year Study Period: Monday 10 June to Thursday 13 June 2013
Examination Period: Friday 14 June to Wednesday 3 July (inclusive)

Class Times and Room Numbers

Lecture Timetable: Tuesday and Thursday from 11:30 12:20 in RHLT2

Tutorial Timetable: Monday from 9.30 – 10.20pm in RWW312
Thursday from 3.40 – 4.30pm in RWW314

Please note that tutorials will commence in the week starting 11th March.

Tutor(s): Erin Sampson email erin.samp@gmail.com phone or text 027 250 3528

Withdrawal from Courses:

1. Your fees will be refunded if you withdraw from this course on or before Friday 15 March 2013.
2. The standard last date for withdrawal from this course is 17 May 2013. 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*’ form including supporting documentation.

The application form is available from either of the Faculty’s Student Customer Service Desks.

Course Objectives and Expected Workload

This course examines the role of government in a modern economy. Emphasis is placed upon contemporary market failures such as imperfect competition, externalities, missing information, destructive strategic behaviour and inefficient saving. Other topics may include how decisions are made in the public sector, the incentive effects of taxation and income distribution.

The course is worth 20 points as PUBL 203 and 15 points as PUBL 209, and consists of two lecture hours per week and one strongly-recommended tutorial hour. It represents one-sixth of a normal full-time load and students are expected to spend about five hours a week on course-related study. Lecture attendance, together with practice on previous test questions, is strongly recommended for successful learning. Students are also encouraged to attend ONE tutorial hour each week, to be chosen from among two to three sessions made available. The tutorials provide an opportunity to practice on previous-years’ tests in order to prepare for assessments. Students may change their chosen tutorial at anytime.

Course Delivery

This course will be delivered through two one-hour lectures per week, plus one one-hour tutorial per week. The lectures may be complemented by teaching videos. The lecture outline gives an indication of the topics to be covered, but that may vary to accommodate topical issues.

Learning Objectives

By the end of the course, students should be able to:

- a) Analyse the market-failure aspects of public policy; (Major Attribute [MA] 5)
- b) Apply economic analysis to problems that do not seem initially to be economic in nature; (MA 9)
- c) Compare altruism and social responsibility as complementary motivators to self-interest; (MA 8)
- d) Analyse property rights in the context of mutually-beneficial agreements; (MA 5)
- e) Demonstrate an ability to measure inefficiency in models of micro-economic behaviour; (MA 3)
- f) Identify some common policies governments use to correct economic inefficiencies; (MA 5)
- g) Illustrate some unintended consequences to economic policies; (MA 9)
- h) Identify some common policies governments use to correct economic inequalities; (MA 5)
- i) Describe the trade-off between making economic outcomes more efficient and making them more equitable. (MA 5)

Major Attributes: PUBL majors will be able to	
MA1	Judge the defining features of good policy analysis and advice and appraise how they are best produced
MA2	Demonstrate an understanding of the influence of political ideas and philosophies, and of constitutional and political institutions on public policy
MA3	Demonstrate an understanding of the contribution of quantitative and qualitative methods in policy analysis
MA4	Identify the nature and respective roles of state and civil society in the development, implementation and evaluation of public policy, and demonstrate an understanding of the distinction between government and governance
MA5	Appraise different disciplinary contributions to the development, implementation and evaluation of public policy
MA6	Judge the relevance and importance of evidence in policymaking
MA7	Apply the comparative method to policy analysis, and identify insights that might be drawn from other policy jurisdictions
MA8	Judge and articulate the relevant criteria that might be used in assessing the advantages and disadvantages of particular policy options
MA9	Analyse complex policy issues from multiple perspectives and identify opportunities for innovation
MA10	Express ideas succinctly and persuasively both in written form and orally
MA11	Construct and articulate rationales for public policy intervention
MA12	Demonstrate an understanding of the significance of ethics and accountability in the study and practice of public policy
MA13	Interpret the significance of the Treaty of Waitangi (Te Tiriti o Waitangi) in the study and practice of public policy in New Zealand

Assessment Requirements

The purpose of the assessments is to measure the attainment of the learning objectives, especially the ones for (a) to (f) set forth above.

For those taking the course for 15 points (i.e. as PUBL 209), course grades are determined by three assessments: two in-class tests which count as 50% (25% for each), and a final exam which counts as 50%.

Those taking the course for 20 points (i.e. as PUBL 203) are strongly-recommended but not-required to submit a fourth take-home essay or test in addition to all of the above. Course grades are then determined by the following weights: 40% for the two in-class tests (20% for each), 40% for the final exam, and 20% for the take-home essay or test. If the fourth assessment is not submitted, those taking the course for 20 points (i.e. as PUBL 203) will have their grades determined in exactly the same way as for those taking the course for 15 points.

The first in-class test will be held on the first lecture day of the week of 8 April 2013 . The second in-class test will be held on the first lecture day of the week of 20 May 2013 and will

pertain only to material covered after the first in-class test. The final exam will be scheduled at some time during the exam period from Monday 18 June to Wednesday 4 July 2012.

Questions for the fourth assessment, which is an optional one that applies only to students enrolled for 20 points (i.e. as PUBL 203), will be given out in-class on the second lecture day of the week of 27 May and will be due for submission by 5pm on Monday 3 June. This assessment must be delivered by hand to the assignment box at School of Government Reception (8th floor Rutherford House) during the office hours, which are 8.30 am – 5.00 pm. The assignment box is cleared daily, and assignments will be date stamped. Marking penalties apply on a daily basis to late submissions. If the fourth assessment is not submitted by Friday 7 June, it will be regarded as not having been submitted at all.

Students who enrol in courses with examinations are obliged to attend an examination at the University at any time during the formal examination period.

Note: 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 audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

Penalties

In exceptional cases, and only if official documentation is provided (for example, a medical certificate indicating the nature of the illness), the Course Co-ordinator may allow a student to sit a substitute test or (exam), which may be harder than the regular one. This is to be fair to other students who may have undertaken greater pains to overcome undocumented circumstances. Also, in exceptional circumstances an extension may be granted for the fourth assessment beyond the deadline for submission.

Mandatory Course Requirements

In addition to achieving a course mark of 50% or better, to pass this course students must sit the two in-class tests and sit the exam. Students who fail to satisfy the mandatory requirements for passing this course, other than the requirement to obtain a C grade overall, will not receive a graded result, and their records will show a “K” (fail due to not satisfying mandatory course requirements, even though the student’s course requirements reached the level specified for a pass).

Course Content and Readings

Provisional lecture topics and summaries are included in a set of readings available for purchase at VicBooks, Student Book Centre, Pipitea, as a packet labelled “PUBL 203/209 – Introduction to Public Economics, Trimester One 2012, Readings and Practice Problems”. This packet also contains all the readings listed below except for those indicated as *optional*, and copies and sample answers from previous years’ tests and final examinations. Copies of this packet are NOT available at the library. Articles listed as *optional*, while useful for more advanced study, are not included in the readings packet. There is no longer any set text for this course.

Course requirements can be satisfied not just by attending lectures and keeping up with the readings, but also by practicing upon the test questions of previous years. The test questions

that are relevant to the tutorials are typically assigned in-class at least one day before a scheduled tutorial. Students who do well in the course usually endeavour to answer these questions before the tutorials without initially referring to the model answers. Students who do NOT do well are usually the ones who never bother to do so.

In-class lectures will be supplemented by teaching videos produced by The Teaching Company. The presenters in these videos are prominent international economists, such as Professor Timothy Taylor, editor of the American Economic Association's *Journal of Economic Perspectives*.

The reading weeks indicated below are for a Monday start and a Sunday end.

Part I: The fundamental theorems of welfare economics (Topics 1-5 in the lecture summaries): (2 lecture weeks, 4 - 17 March)

- Victorio, Andres G. (Antong) (2004), *Applied Models in Public Policy*, 2nd edition, Chapt. 1 and 2, (Introduction) and (Economics and Pareto Efficiency), Ateneo de Manila University (Philippines) and Macklev Books International (USA).
____ (1995), *Applied Models in Public Policy* 2nd edition, Chapt. 3 (Perfect Competition).
____ (2010), "The Theory Behind a Supply Curve," Notes for Publ 203/209.
The Economist (2002), "Economics Focus: Never the Twain Shall Meet," 2 February, p. 70.
____ (2005), "Human Evolution: Homo Economicus?" 9 April, p. 65.
____ (2000), "One True Model?," 8 April, p. 92.
____ (2000), "Barriers Real and Imagined," 9 December, p. 95.
Stiglitz, J. (1988), *Economics of the Public Sector*, "The Economic Rationale for Government – Chapter 3", W W Norton. (optional)

Part II: Categories of market failure and economic instruments for intervention: (10 lecture weeks, 18 March to 7 June)

1) Imperfect competition (Topics 6-9 in the lecture summaries):

- Victorio, Andres G. (Antong) (2004), *Applied Models in Public Policy*, 2nd edition, Chapt. 4 – Imperfect Competition.
The Dominion Post (2006), "Home Fees to Fall as MP's Axe Monopoly," 15 March, p. A5.
Sunday Times of London (1995), "American Tourists Get Half-Price Car Hire," 15 January, p. 5.
The Economist (1998), "Indiscriminate Pricing," 1 August, p. 70.
____ (2000), "Divide and Rule," 20 May, p. 104.
Landsburg, Steven E. (1991), *Price Theory and Applications*, "Monopoly – Chapt. 10", The Dryden Press, New York. (optional)

2) Externalities, public goods and political decision-making (Topics 10-13 in the lecture summaries):

- Victorio, Andres G. (Antong) (2004), *Applied Models in Public Policy*, 2nd edition, Chapt. 5 – Economic Externalities.
Hyman, David (1996), *Public Finance: A Contemporary Application of Theory to Policy* 5th edition, "Taxation, Prices, Efficiency and the Distribution of Income – Chapt. 11", pp. 363 – 393, Dryden Press.

- Victorio, Andres G. (Antong) (1994), Rubbish Disposal: Council v. Evaders. *The Evening Post*, Wellington, 27 May.
- The Dominion (1995), February 16, p. 2, "More Might Die if Speed Limit Rises, MP's Told" and "Speedcam Below Expectations".
- _____ (1995), February 24, p. 17, "Move to Get Foresters to Pay for Road Damage".
- The Economist (2001), "Economics Focus: Fuelling Discontent," 19 May, p. 75.
- _____ (2001), "Do Guns Mean Crime?" 13 January, p. 80.
- Nicholson, Walter (1990), *Microeconomic Theory, Fifth Edition*, "Externalities and Property Rights – Chapter 21", The Dryden Press. (optional)
- Victorio, Andres G. (Antong) (2004), *Applied Models in Public Policy, 2nd edition*, Chapt. 6 – Public Goods.
- _____ (2009), "Altruism and Externalities", *Applied Economics Letters*, Vol. 16, No. 15, October 2009, pp. 1529 – 1531. (optional)
- Landsburg, Steven E. (1991), *Price Theory and Applications*, "Common Property and Public Goods", pp. 463 – 471, Dryden Press, New York.
- The Economist (2000), "The Problems Stack Up," 9 December, p. 67.
- Hyman, David (1996), *Public Finance: A Contemporary Application of Theory to Policy 5th edition*, "Public Choice and the Political Process – Chapt. 5," pp. 150 – 185.

3) Failures from imperfect information and insurance (Topics 14-16):

- Victorio, A. (2004), "Information Failures", Chapter 6 in *Perspectives in Applied Economics*, draft of 2004, copyrighted to the author.
- _____ (2002), "Non-Market Insurance and Intrafamily Transfers", *Applied Economics Letters*, Vol. 9, No. 2, February, pp. 99 – 102. (optional)
- The Economist (1995), "An Insurer's Worst Nightmare," 29 July, p. 66.
- ASB Bank New Zealand (2000), "EasyLife Insurance: Information Booklet".

4) Inefficient strategic behaviour, superannuation and education (Topics 17-21):

- Victorio, A. (2004), *Applied Models in Public Policy 2nd edition*, Chapt. 15 – Game-Theoretic Models.
- _____ (2005), "Contemporary Economic Games," *Policy Quarterly* Vol. 1 No. 3, pp. 16 – 22.
- _____ (2008), "Rationalizing Social Security," *Journal of Business and Governance*, Vol. 10 No. 2, pp. 129-137.
- Rasmusen, E. (1989) *Games and Information: An Introduction to Game Theory*, "Chapt. 1 – The Rules of the Game", Basil Blackwell, New York. (optional)

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 finds may be used to inform changes aimed at improving the quality of VBS programmes. All material used for such purposes will be treated as confidential, and the outcome will not affect your grade for the course.

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 <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 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 <http://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.

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 period 14 June – 3 July 2013.

Class Representative

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

Communication of Additional Information

Any information concerning changes to class times or the like will be conveyed to students in class. Blackboard may also be used for such announcements and for course-related materials. Queries may be sent to the Course Co-ordinator by email at antong.victorio@vuw.ac.nz or by leaving a phone message on 463 5709.

Link to general information

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