

School of Government

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

Trimester One 2015

**COURSE OUTLINE**

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**Names and Contact Details**

<u>Course Co-ordinator:</u>	Dr Seamus Hogan
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**Trimester Dates**

Teaching Period: Monday 2 March to Friday 5 June 2015  
End of Year Study Period: Monday 08 June – Thursday 11 June 2015  
Examination Period: Friday 12 June – Wednesday 01 July 2015

**Class, Tutorial and Office Hours**

Lecture Timetable: Monday: 13:40-14:30 in GBLT4  
Tuesday: 13:40-14:30 in GBLT3

Tutorial Timetable: Wednesday: 10:30-11:20 in RWW413  
Wednesday: 14:40-15:30 in RWW312

Depending on numbers, I may open up a third tutorial time on Fridays: 10:30-11:20.

My office hours are Tuesdays, 10:00-12:00. Students can also raise questions by electronic communication, but please note that general course questions should be posted online in the blog forum, *Course Questions*, on Blackboard, not sent by email. This contributes to a

community of learning by letting all students can see both the question and the answer. Questions that are student specific, such as enquiries related to absence due to medical impairment, can be directed to me by email.

### **Withdrawal from Courses:**

1. Your fees will be refunded if you withdraw from this course on or before Friday 13 March 2015.
2. The standard last date for withdrawal from this course is Friday 15 May 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*' form including supporting documentation. The application form is available from either of the Faculty's Student Customer Service Desks or [online](#).

### **Prerequisites**

The prerequisites for both PUBL 203 and 209 are ECON 130 or PUBL 201. Since the material covered in these two courses is different, the tutorials in the first few weeks will concentrate on re-housing some basic concepts in microeconomics (as covered in ECON 130) and public choice (as covered in PUBL 201).

### **Prescription**

This course explores the role of government, community and the private sector in achieving economic, social and environmental well-being. Incentives, behaviour and the design of policies are analysed for selective topics, including taxation, public expenditure, and social and environmental issues.

### **Course Objectives and Expected Workload**

This course examines the role of government in a market economy. The emphasis is on the ways government expenditure and taxation can improve social outcomes in a market economy, and the limits of these tools.

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 tutorial hour. The expected workload for PUBL203 is a total of 200 hours, and for PUBL209 is a total of 150, including all contact time. This is an average of approximately 13 and 10 hours per week, respectively. Lecture attendance is strongly recommended for successful learning. Students are also required to attend ONE tutorial hour each week, to be chosen from among three-four sessions made available. The tutorials will partly be used to revise material from the pre-requisite courses, and partly to reinforce course material through class discussions about selected public policy issues.

### **Course Delivery**

This course will be delivered through two one-hour lectures per week, plus one one-hour tutorial per week.

## Learning Objectives

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

- a) understand the role that prices play in a market economy, both as a method of allocating resources in the private sector, and as a guide for public policy (MA3, MA5, MA11);
- b) understand the twin objectives of efficiency and equity, and explain why there is often a trade-off between these two objectives (MA8);
- c) understand the connection between relative prices and notions of efficiency (MA5);
- d) understand the mechanics of the New Zealand tax system and the connection between these and policy objectives (MA8, MA11);
- e) communicate ideas of public economics in jargon-free English, both orally and in writing (MA10).

<b>Major Attributes: PUBL majors will be able to</b>	
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 (e) set forth above.

For those taking the course for 15 points (i.e. as PUBL 209), course grades are determined by three assessments: one in-class test (worth 35%), a grade for participation in tutorials (10%), and a final exam (55%).

Students taking the course for 20 points (i.e. as PUBL 203) will be required to write a take-home essay in addition to the above assessment. In this case, the weights are in-class test (25%), tutorial participation (10%), final exam (40%), and essay (25%). The essay will be relatively short (at most three double-spaced pages); it will require students to communicate in jargon-free an economic policy idea to non-specialists. 75% of the essay grade will be based on the writing and 25% on content.

The in-class test will be on Monday, April 20. It will cover the material contained in Part I of the syllabus outlined below. The final exam will cover the entire semester's material, but will be more weighted to the material contained in Parts II and III.

For both PUBL 203 and PUBL 209, 15% of the weight of the in-class test will be transferred to the final exam if it improves the student's grade. The essay question will be assigned in the week of April 20, and will be due on Tuesday May 26. This assessment must be delivered in two form by 5:00pm on the due date: submitted online through Turnitin, and an identical hard-copy version 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.

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.*

### **Mandatory Course Requirements**

In addition to achieving a course mark of 50% or better, to pass this course students must sit the final exam and attend at least 7 of the 11 tutorial sessions. Students who obtain a C- grade or better overall but otherwise fail to satisfy the mandatory requirements for passing this course, 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 Syllabus**

The course is in three parts, each taking approximately 4 weeks. The first part of the course introduces some basic tools of economics analysis, and explains the role of prices in a modern mixed economy, both in private markets and as the principal means through which government implements policy. The second and third parts then consider the two major ways in which government policy affects outcomes in a market economy: expenditure and taxes.

The course is intended as a broad overview of public economics, rather than digging deeply into particular topics.

## Readings:

### *General Readings:*

There is no set textbook for this course, but the following online reference may be useful, particularly for students who have not taken ECON 130:

Friedman, D.D. (1990), "Price Theory: An Intermediate Text", South-Western Publishing Co. available at [http://www.daviddfriedman.com/Academic/Price\\_Theory/PThy\\_ToC.html](http://www.daviddfriedman.com/Academic/Price_Theory/PThy_ToC.html).

I also recommend reading books on Economics written for a general audience. Three of my favourites are the following:

Harford, T. (2007), *The Undercover Economist*, Little Brown: London

Harford, T. (2008), *The Logic of Life*, Little Brown: London. (Particularly the introduction and Chapter 1).

McMillan, J. (2002), *Reinventing the Bazaar: A Natural History of Markets*, Norton: New York.

A further excellent source in economics are the Economics blogs. Many of the New Zealand economics blogs are syndicated at Sciblogs under the name, *The Dismal Science*, <http://sciblogs.co.nz/thedismalscience/>.

### *Specific Readings:*

#### **Part I: Frameworks:**

1. Price theory and the fundamental theorems of welfare economics
2. Reasons for government involvement in a market economy
3. Government failure and public choice

In advance of this section, students should read these classic pieces, and think about their relevance to public policy:

Read, L.E. (1958), "I, Pencil: My Family Tree as told to Leonard E. Read", <http://www.econlib.org/library/Essays/rdPnc11.htm>.

Bastiat, F. (1845), "The petition of the candlemakers", <http://bastiat.org/en/petition.html>.

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: [http://www.slate.com/articles/life/holidays/2004/12/what\\_i\\_like\\_about\\_scrooge.html](http://www.slate.com/articles/life/holidays/2004/12/what_i_like_about_scrooge.html).

#### **Part II: Government Expenditure in Theory and in Practice**

1. Public consumption goods
2. Public intermediate goods
3. Public provision of private goods

I will add some additional references on this topic before we get to it.

### **Part III: Tax and Transfer Policy in Theory and in Practice**

1. Income tax
2. Capital taxation
3. Corporate income tax
4. GST
5. Pigouvian taxes
6. Local Government Taxation

Landsburg, S. (2010), “A quick economics lesson”, blogpost at <http://www.thebigquestions.com/2010/01/27/a-quick-economics-lesson/>

Kesselman, J.R. and I. Garfinkel (1978), “Professor Friedman, meet Lady Rhys-Williams: NIT v CIT”, *Journal of Public Economics* 10 (2): 179-216.

Hogan, S.D. (2011), “The case against a dirty GST: Some GST basics”, blogpost at <http://offsettingbehaviour.blogspot.co.nz/2011/08/case-against-dirty-gst-some-gst-basics.html>

Hogan, S.D. (2011), “The case against a dirty GST: Illusory benefits of exclusions”, blogpost at <http://offsettingbehaviour.blogspot.co.nz/2011/08/case-against-dirty-gst-illusory.html>.

### **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](http://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 Friday 12 June – Wednesday 01 July 2015.

### **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](mailto:antong.victorio@vuw.ac.nz) or by leaving a phone message on 463 5709.

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