OBJECTIVES AND STRUCTURE OF THE UNIT

The aim of this unit is to study the role of economic theory and analysis in informing decision-making on matters of public policy. Appropriate theory and analytical methods will be outlined and discussed, and their use in considering particular issues will be explored. The unit is structured partly around particular theories or methods of importance to the analysis of public policy, and partly around specific policy issues themselves.

The staff member in charge of this unit is Professor David Throsby (Building E4A Room 438, phone extn. 8474). The other academic staff members involved in the unit are Associate Professor Sean Turnell (E4A-426, phone extn. 8493) and Associate Professor Tony Bryant (E4A-407, phone extn 8465). Administrative enquiries can be directed to Laura Billington (E4A-440, phone extn. 8474).

The unit will comprise 12 three-hour sessions, given on Mondays from 6.00pm–9.00pm in room C5C-236.

The unit will cover economic aspects of the following 12 topics:

Topic 1 Education
Topic 2 Foreign Student Flows
Topic 3 The Environment and Sustainable Development
Topic 4 Labour Standards and Trade
Topic 5 Financial Institutions
Topic 6 Fairness
Topic 7 Climate Change
Topic 8 War and Peace
Topic 9 Tourism
Topic 10 The Voluntary Nonprofit Sector
Topic 11 Creative Industries
Topic 12 Cultural Heritage

The precise dates for each topic are shown in the table overleaf.
Dates and topics are as follows.

<table>
<thead>
<tr>
<th>WEEK NO.</th>
<th>DATE</th>
<th>TOPIC NO.</th>
<th>TOPIC</th>
<th>LECTURER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>23 February</td>
<td>-</td>
<td>No Class</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>2</td>
<td>2 March</td>
<td>1</td>
<td>Education</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>3</td>
<td>9 March</td>
<td>2</td>
<td>Foreign students</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>4</td>
<td>16 March</td>
<td>3</td>
<td>Environment and sustainable development</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>5</td>
<td>23 March</td>
<td>4</td>
<td>Labour standards</td>
<td>Assoc. Prof. Turnell</td>
</tr>
<tr>
<td>6</td>
<td>30 March</td>
<td>5</td>
<td>Financial institutions</td>
<td>Assoc. Prof. Turnell</td>
</tr>
<tr>
<td>7</td>
<td>6 April</td>
<td>6</td>
<td>Fairness</td>
<td>Assoc. Prof. Bryant</td>
</tr>
</tbody>
</table>

**MID-SEMESTER BREAK**

<p>| | | | | |</p>
<table>
<thead>
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</thead>
<tbody>
<tr>
<td>8</td>
<td>27 April</td>
<td>7</td>
<td>Climate change</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>9</td>
<td>4 May</td>
<td>8</td>
<td>War and Peace</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>10</td>
<td>11 May</td>
<td>9</td>
<td>Tourism</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>11</td>
<td>18 May</td>
<td>10</td>
<td>Nonprofit sector</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>12</td>
<td>25 May</td>
<td>11</td>
<td>Creative industries</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>13</td>
<td>1 June</td>
<td>12</td>
<td>Cultural heritage</td>
<td>Professor Throsby</td>
</tr>
</tbody>
</table>

Sessions will begin promptly at 6.05pm. Generally each session will comprise a mixture of lecture time, progress reviews and class discussion. There will be ample scope for student questions, participation and interaction.

**ASSESSMENT**

Assessment in this unit will be on the basis of three assignments, an occasional “10-minute test” given in class, plus class attendance and participation. **There will be no final exam.**

It is very much in your own interests to attend all lecture sessions in this unit. The nature of the unit is such that the material covered cannot be adequately comprehended simply by reading the references set. Attending to the lecturers’ syntheses of the material and participating in class discussion are important components of the learning process.

The weightings used in the assessment process will be:

<table>
<thead>
<tr>
<th>Marks</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Assignments (30 marks each)</td>
<td>90</td>
</tr>
<tr>
<td>Class tests, attendance and participation</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
</tr>
</tbody>
</table>

It should be noted that students are required to achieve a satisfactory mark in both of the above components of the assessment.
Final grades will be calculated as percentages corresponding to the Macquarie University grading system of HD, D, Cr, P, PC, F.

ASSIGNMENTS

Three written assignments of 2,000 words each are required. For each assignment you will be asked to choose ONE out of three or four specific questions. Instructions for submission are provided in a separate handout. Topics covered and due dates are as follows:

<table>
<thead>
<tr>
<th>Assignment No.</th>
<th>Covering Topics Nos.</th>
<th>Will be given out on:</th>
<th>FINAL date for submission is 6 pm on</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 - 4</td>
<td>Monday 23 March</td>
<td>Monday 6 April</td>
</tr>
<tr>
<td>2</td>
<td>5 - 8</td>
<td>Monday 4 May</td>
<td>Monday 18 May</td>
</tr>
<tr>
<td>3</td>
<td>9 - 12</td>
<td>Monday 1 June</td>
<td>Monday 15 June</td>
</tr>
</tbody>
</table>

UNIT OUTLINE AND READING GUIDE

The outline below provides a detailed reading list for the topics covered. Further references may be provided as the unit proceeds. Students are not expected to read all the references given. Students should, however, be prepared to seek out at least some readings under each topic. Many of the readings for this unit are held in Special Reserve in the Library or eReserve on the Library’s website. A more detailed outline of the subject matter covered under each topic will be handed out each week, together with several Review Questions to help students monitor their progress in the topic.
Topic 1 The Economics of Education

Nature of education as a mixed good
Private benefits of education
Education as a social investment
Financing education in Australia

References


Topic 2  The Economics of Foreign Student Flows

Foreign student flows in higher education
Cost-benefit analysis of foreign students

References


Topic 3  The Economics of the Environment and Sustainable Development

Environmental problems as externalities
Economics of natural resources
Natural capital and ecological economics
Principles of sustainable development
Ecologically sustainable development: the Australian experience

References


Topic 4 Labour Standards and Trade

- Globalisation, a ‘race to the bottom’ for labour?
- Core labour standards as solution, or as disguised protectionism?
- Hostility of many economists to a ‘social clause’ in trade agreements
- Unrecognised economic benefits from standards enforcement
- Institutional framework

References


Topic 5  The Broader Role of Financial Institutions

Financial institutions in the economy, society and development
Recent thinking in information economics
Evidence of history
The growing consensus on an “ideal” financial system

What has become known as the ‘global financial crisis’ is continuing to unfold, with implications for a number of issues raised under this topic. Students will be advised of additional readings at the time of the lecture.

References


Topic 6 The Economics of Fairness

Characterising efficient allocations
The Second Welfare Theorem
Envy free allocations
Fair Allocations
Applications to Mechanism Design

References


Topic 7 The Economics of Climate Change

What is the enhanced greenhouse effect?
Targets for emissions reductions
Economic instruments: carbon taxes and tradeable permits

References

Ecologically Sustainable Development Working Group Chairs (1992), Greenhouse Report, Canberra: AGPS.


Garnaut, Ross (2008), Climate Change Review: Draft Report, Canberra: Department of Climate Change.

Commonwealth of Australia (2008), Carbon Pollution Reduction Scheme Green Paper, Canberra: Department of Climate Change.
Topic 8 The Economics of War and Peace

Measures of global security
Determinants of defence expenditure
Disarmament and the “peace dividend”

References


King, Peter and Yoichi Kibata (eds.) (1996), Peace Building in the Asia Pacific Region, Perspectives from Japan and Australia, Sydney: Allen and Unwin.


Topic 9  The Economics of Tourism

Definitions and dimensions of tourism  
Role of tourism in the Australian economy  
Economic models of tourism demand  
Environmental and cultural issues  
Policy towards tourism industry development

References


Topic 10     The Voluntary Nonprofit Sector

Definitions and size of the nonprofit sector
Rationale for existence of nonprofit enterprise
Government policy towards the nonprofit sector in Australia

References

Ben-Ner, Avner (2002), “The shifting boundaries of the mixed economy and the future of the

Chou, Shin-Yi (2002), Asymmetric information, ownership and quality of care: an empirical


Lyons, Mark (2001), Third Sector: The Contribution of Non-profit and Coooperative
Enterprise in Australia, Sydney: Allen and Unwin.

Rose-Ackerman, Susan (ed.) (1986), The Economics of Nonprofit Institutions: Studies in

Salamon, Lester M. and Helmut K. Anheier (1996), The Emerging Nonprofit Sector: an
Overview, New York: St Martin’s Press.

Steinberg, Richard (2004), The Economics of Nonprofit Enterprises, Cheltenham: Edward
Elgar.


Topic 11 The Economics of the Creative Industries

Definition of cultural goods
Structure of the creative industries
Public policy and the cultural sector

References

Throsby, C.D. and G.A. Withers (1979), The Economics of the Performing Arts, New York: St Martin's Press.


Topic 12 The Economics of Cultural Heritage

What is cultural heritage?
Cultural capital and sustainability
Heritage policy

References


