Year and Semester: 2010, Semester 2

Unit name: Economics of Public Issues

Unit convenor: Professor David Throsby

Credit points: 4

Students in this unit should read this unit outline carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

ABOUT THIS 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.

TEACHING STAFF

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).

CONSULTATION TIMES

If you wish to seek help from a staff member teaching on this unit you may do so at the conclusion of any of the classes or during their regular consultation hours.

UNIT WEB PAGE

There is no web page for this unit.
The unit will comprise 12 three-hour sessions, given on Mondays from 6.00pm–9.00pm in room C4A 312.

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 Altruism
- 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 dates for each topic are shown in the following table.

<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>2 August</td>
<td>1</td>
<td>Education</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>2</td>
<td>9 August</td>
<td>2</td>
<td>Foreign students</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>3</td>
<td>16 August</td>
<td>3</td>
<td>Environment and sustainable development</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>4</td>
<td>23 August</td>
<td>4</td>
<td>Labour standards</td>
<td>Assoc. Prof. Turnell</td>
</tr>
<tr>
<td>5</td>
<td>30 August</td>
<td>5</td>
<td>Financial institutions</td>
<td>Assoc. Prof. Turnell</td>
</tr>
<tr>
<td>6</td>
<td>6 September</td>
<td>6</td>
<td>Altruism</td>
<td>Assoc. Prof. Bryant</td>
</tr>
<tr>
<td>7</td>
<td>13 September</td>
<td>7</td>
<td>Climate change</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>8</td>
<td>4 October</td>
<td>-</td>
<td>Public holiday – no class</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>9</td>
<td>11 October</td>
<td>8</td>
<td>War and Peace</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>10</td>
<td>18 October</td>
<td>9</td>
<td>Tourism</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>11</td>
<td>25 October</td>
<td>10</td>
<td>Nonprofit sector</td>
<td>Professor Throsby</td>
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<tr>
<td>12</td>
<td>1 November</td>
<td>11</td>
<td>Creative industries</td>
<td>Professor Throsby</td>
</tr>
<tr>
<td>13</td>
<td>8 November</td>
<td>12</td>
<td>Cultural heritage</td>
<td>Professor Throsby</td>
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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.
**REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS**

There is no set text for this unit. Readings for each topic are given in the detailed topic outlines below.

**LEARNING OUTCOMES AND GRADUATE CAPABILITIES**

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world. This unit contributes to this by providing discipline specific knowledge and skills and by developing critical, integrative and analytical thinking. The discipline specific knowledge and skills include an ability to apply economic theories to practical situations or problems and a capacity to examine real world issues from an economic perspective.

**ASSESSMENT**

Assessment in this unit will be on the basis of one 2000-word assignment and a three-hour end-of-semester written exam.

The assignment will be handed out in class on **Monday 13 September** (week 7) and will be due for submission by no later than 6 pm on **Monday 11 October**. The handout will contain seven assignment questions, one for each Topic 1-7; students will be required to choose ONE. Instructions for the submission of the assignment will be contained in a separate document to be handed out in class in Week 7.

The examination will be held at **6 pm on Monday 15 November**. The venue will be the normal classroom (C5A 226). Details of the structure of the exam will be handed out in Week 9.

The weightings used in the assessment process will be:

<table>
<thead>
<tr>
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<th>Marks</th>
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<tbody>
<tr>
<td>Assignment</td>
<td>30</td>
</tr>
<tr>
<td>Final examination</td>
<td>70</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>100</strong></td>
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</tbody>
</table>

It should be noted that students are expected to achieve a satisfactory mark in both of the above components of the assessment.

Note that there will be a simple diagnostic test in the first session of the unit to ensure that students have adequate command of English to be able to comprehend the lectures. This test will not count towards a student’s final assessment or grade.

Final grades will be calculated as percentages corresponding to the Macquarie University grading system of HD, D, Cr, P, PC, F.
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.

**ACADEMIC HONESTY**

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at [http://www.mq.edu.au/policy/docs/academic_honesty/policy.html](http://www.mq.edu.au/policy/docs/academic_honesty/policy.html)

**SPECIAL CONSIDERATION**

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: [http://www.mq.edu.au/policy/docs/special_consideration/procedure.html](http://www.mq.edu.au/policy/docs/special_consideration/procedure.html)

**STUDENT SUPPORT SERVICES**

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at [http://www.student.mq.edu.au](http://www.student.mq.edu.au).
IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

● Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.

● Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.

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 some of the topics will be handed out in class, 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


Neumayer, Eric (2003), Weak versus Strong Sustainability: Exploring the Limits of Two Opposing Paradigms, Cheltenham: Elgar.


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  Altruism, Charity, Poverty and Public Policy

The size of the ‘charitable sector’
Explaining charitable donations
Characterizing Pareto optimal redistribution levels
Achieving Pareto optimal redistributions
Public policy and the charitable sector

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.


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


Australian Bureau of Statistics (2009), *Not-for-profit organisations, Australia, 2006-07 (Reissue)*, Canberra: ABS, Cat. No. 8106.0

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.


Throsby, David (2010), The Economics of Cultural Policy, Cambridge: Cambridge University Press.

**Topic 12  The Economics of Cultural Heritage**

*What is cultural heritage?*
*Cultural capital and sustainability*
*Heritage policy*

**References**


