

Course Outline

Department of Economics  
School of Business and Economics

**ECON 3650-3**  
**Government and Business (3,0,0)**

**Calendar Description**

Students utilize neoclassical and institutional economic theory to examine government intervention in the economy. Topics include competition and economic efficiency; market failure; institutional theory; private sector governance structures; the role of the state; public sector governance structures, including competition policy, price and entry regulation, prevention of anti-competitive practices, and public enterprise and ownership; and government failure.

**Educational Objectives/Outcomes**

After completing this course, students should be able to:

1. Identify the causes of market failure.
2. Describe the basics of institutional economic theory.
3. Explain the differences between economic theory and facts and personal beliefs about regulation.
4. Apply basic neoclassical and institutional economic theory to explain why and when one might support or oppose a particular regulatory intervention.
5. Discuss roles played by both facts and beliefs in the success or failure of regulatory policy.
6. Analyze policy problems using different economic techniques and processes.

**Prerequisites**

ECON 1900; ECON 1950 or POLI 1110

Note: Students may not receive credit for both ECON 3650 and POLI 3650.

**Co-requisites**

**Texts/Materials**

James A. Brander, Government Policy Toward Business, Toronto, Canada: Wiley & Sons, 4th Edition, 2006.

John Groenewegen, Institutional Economics- An Introduction, London, England: Palgrave Macmillan, 2010.

## Student Evaluation

Projects	40%
Midterm(s)	30%
Final exam	30%

Please note that when taken for an Arts degree, this course is an upper level, writing intensive course. As a result, more weight is placed on projects.

## Course Topics

### 1. Introduction

- Economic actors and institutions
  - Fundamental economic concepts
  - Economic institutions
- Canada – a small open economy

### 2. Markets and Economic Efficiency

- Competition and economic efficiency – structure and performance
  - WWPC and economic efficiency
- Imperfect competition - other market structures
  - Monopolies
  - Other forms of market failure

### 3. Institutional Theory

- Theoretical framework – OIE versus NIE
- Static approaches to institutions
- Dynamics of institutions

### 4. Private Governance Structures

- Markets
- Firms

### 5. Role of the State

- Normative analysis and fairness
- Governments
  - Positive analysis
  - Rules of the game
  - Status quo
- Rent seeking

6. Government Policy Towards Business – Public Governance Structure

- State intervention in the public interest
- Competition policy and anti-competitive practices
- Regulation of seriously imperfect competition
  - Price and entry regulation
  - Major areas of private sector regulation
  - Public enterprise and public ownership
- Macroeconomic policy - jobs

7. Government Failure

**Methods for Prior Learning Assessment and Recognition**

As per TRU policy

**Attendance Requirements – Include if different from TRU Policy**

As per TRU policy

**Special Course Activities – Optional**

**Use of Technology – Optional**