

SIMON FRASER UNIVERSITY

OFFICE OF THE VICE-PRESIDENT, ACADEMIC

MEMORANDUM

To: Senate

From: D. Gagan, Chair *David Gagan*
Senate Committee on Academic Planning

Subject: Department of Economics
Curriculum Revisions

Date: December 11, 1995

Action undertaken by the Senate Graduate Studies Committee and the Senate Committee on Academic Planning gives rise to the following motion:

Motion:

"That Senate approve and recommend approval to the Board of Governors, as set forth in S.96-10 , the following

- a) Deletion of the description of the fields of study
- b) Changes to the Graduate Program Requirements for the M.A. core course work, M.A. program options, Ph.D. Degree requirements, Ph.D. program committees, Ph.D. program deletion of fields of study and the Ph.D. comprehensive examination entry
- c) New courses: ECON 826-4 Industrial Organization II
ECON 860-4 Environmental Economics
- d) New Calendar entry: Satisfactory Performance

For Information:

Acting under delegated authority of Senate, SGSC has approved the following revisions:

Change of credit hours from 3 credits to 4 credits for ECON 802, 803
Course number changes: ECON 807-4 to ECON 877-4, ECON 808-4 to ECON 878-4,
ECON 809-4 to ECON 879-4

Change in prerequisites for ECON 811-4
Change in description for ECON 835-4.

Agreement has been reached between the Faculty and Library in the assessment of library costs associated with the new courses.

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF *(Please state department)* **ECONOMICS**

DELETE: Graduate Academic Program

The facilities of this program are best developed for offering course work and research supervision in the following areas: macroeconomic theory, microeconomic theory, econometrics, economic development, economic history, international economics, industrial organization, industrial relations, labor economics, monetary economics, regional economics, resource economics, finance, financial economics, history of economic thought and methodology, management science, and marketing.

RATIONALE: The department does not have the resources to offer all the listed fields. As a result, this statement does not reflect reality. We believe that other materials such as recruiting brochures reflect better the ability of the department of offer different areas of specialization. These materials also can be changed more readily to take into account changes in the faculty.

(Please note: this form should be used for each of the curriculum changes mentioned above)

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF *(Please state department)* ECONOMICS

FROM:

MA Program

1. Core Course Work

Except where students have successfully undertaken equivalent work in graduate work at another university the requirements regarding microeconomics will be met by completing either ECON 802-3 and 803-3 or ECON 804-4. The requirements regarding macroeconomics may be met by completing either ECON 805-4 or ECON 806-4.

TO:

Except where students have successfully undertaken equivalent work in graduate work at another university students must complete ECON 802-4 and ECON 805-4.

RATIONALE:

This change follows the recommendation of the External Review . Room for an additional optional course may prove more valuable to many MA students, especially those taking a terminal MA, than another core course in microeconomics.

(Please note: this form should be used for each of the curriculum changes mentioned above)

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF (Please state department) *ECONOMICS*

FROM: The MA Program allows three options.

Thesis Option - core work plus two ECON or BUEC graduate courses and an original thesis.

Extended Essay Option - core work plus four ECON or BUEC graduate courses (including ECON 836-4) and two extended essays.

Project Option - core work plus five ECON or BUEC graduate courses, (including ECON 836-4) and a research project.

TO: The MA Program has three options.

Thesis Option - core work plus three ECON or BUEC graduate courses and an original thesis.

Extended Essay Option - core work plus five ECON or BUEC graduate courses, (including ECON 836-4) and two extended essays.

Project Option - core work plus six ECON or BUEC graduate courses (including ECON 836-4) and a research project.

RATIONALE: This change maintains the number of courses required for an MA by adding one course beyond the core requirements to each MA program option to reflect the one course reduction in the core.

(Please note: this form should be used for each of the curriculum changes mentioned above)

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF ECONOMICS

FROM: Ph.D. Program
Degree Requirements

1. Successful performance in *approved courses amounting to a total of at least thirty semester hour credits* beyond the requirements listed above for the MA in Economics.

TO: 1. Successful performance in *eight approved courses* beyond the requirements listed above for the MA in Economics.

RATIONALE: To remove the anomaly of requiring at least 30 semester hours in a circumstance where all courses are 4 credits.

(Please note: this form should be used for each of the curriculum changes mentioned above)

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF ECONOMICS

FROM: Ph.D. Program
Degree Requirements
2.1

In addition, students must complete a field either by successfully taking two courses (other than readings courses) or a comprehensive examination in the field:

TO: In addition, students must complete a field either by successfully taking two courses *approved by the Graduate Program Chair* (other than readings courses) *with at least an A- average*, or a comprehensive examination in the field.

RATIONALE: It is felt that since this field requirement can be completed without a comprehensive examination, there should be some definition of what constitutes successful completion. A standard beyond the B average in graduate studies seems appropriate for a field in which a doctoral student specializes.

(Please note: this form should be used for each of the curriculum changes mentioned above)

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING
CHANGES: *Change of Title, Change of Course
Description, Change of Credit Hour, Change of Vector,
Change of Prerequisite, Change in Requirements for Graduate
Program, etc.*)

DEPARTMENT OF ECONOMICS

FROM: Ph.D. Program (every instance)
Graduate Studies Committee

TO: *Graduate Program Committee*

RATIONALE: To bring the departmental calendar entry into line with university level
graduate general regulations.

*(Please note: this form should be used for each of the curriculum changes
mentioned above)*

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF ECONOMICS

DELETE: Ph.D. Program
Degree Requirements
2.1

The fields in which courses and/or comprehensive examinations are regularly given are econometric theory, econometrics, finance, international economics, regional economics, resource economics and industrial organization. Courses and/or comprehensive examinations are given by arrangement in public economics, labor economics, economic history, methodology, as well as in the Business Administration fields of accounting, finance, management science, marketing and organization behavior. Preparation for other fields should be on the basis of directed study and special course work.

RATIONALE: This description does not describe current reality. We intend to indicate in our information brochures the fields in which comprehensives have been offered recently. The brochures also describe the interests of faculty.

(Please note: this form should be used for each of the curriculum changes mentioned above)

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF ECONOMICS

FROM: Ph.D. Program
Degree Requirements
2.4

Comprehensive examinations will usually be taken after completion of appropriate course work and/or other preparation. One comprehensive exam in economic theory must be written within three academic semesters of the beginning of the Ph.D. program, but a student may sit for an examination after the first semester following formal admission to the Ph.D program. This may be done whether or not specific courses recommended by the department as partial preparation for the examination have been taken.

TO: Normally, full time students entering the program are expected to write the micro and macro theory comprehensive exams at the first scheduled opportunity after the examination period of their third semester.

RATIONALE: We are concerned that students spend too many semesters preparing for comprehensive examinations. The change is that they will now normally write both micro and macro theory comps at the end of the first year, instead of one of them.

(Please note: this form should be used for each of the curriculum changes mentioned above)

NEW GRADUATE COURSE PROPOSAL FORM

Calendar Information:

Department: Economics

Course #: ECON 826-4

Title: Industrial Organization II

Description: This course examines topics specific to the theory of the firm. Classes will focus on theories of transaction costs, principal-agency, and the theory of contracts. Particular attention will be given to the strategic interaction of the agents.

Credit Hrs: 4

Vector: 0/4/0

Prerequisite(s), if any:

Enrollment and Scheduling:

Estimated Enrollment: 10

When will the course first be offered: 96-1

How often will the course be offered: once every two years

Justification:

Course required to complete course requirement for a field in Industrial Organization (IO)

Resources: One-quarter of a faculty member's teaching load.

Which Faculty member will usually teach the course: D. Allen, G. Dow, C. Eaton, N. Schmitt

What are the budgetary implications of mounting the course:

None; we will be reducing the offering of Special Topics courses that had been used previously to cover the area.

Are there sufficient library resources (append details): yes

- Appended: a) Outline of the course
- b) An indication of the competence of the Faculty member to give the course
- c) Library resources Approved:

Approval: _____ Date: June 12 95

Departmental Graduate Committee: _____

Faculty Graduate Committee: Altheim Date: July 25 1995

Faculty: [Signature] Date: 7 July 95

Senate Graduate Committee: BCCA Date: 22 Sept 95

Senate: _____ Date: _____

RATIONALE FOR NEW COURSE PROPOSAL

DEPARTMENT OF ECONOMICS

ECON 826-4 Industrial Organization II

RATIONALE:

The Department of Economics is very strong in the field of Industrial Organization. This has been a traditional strength for the Department, but the additions of D. Allen, C. Eaton, R. Harris and N. Schmitt have increased our comparative advantage. Currently the Department only offers one course in Industrial Organization, which is insufficient under our new guidelines to qualify as a field. The Department wishes to offer a regular field examination in Industrial Organization, and therefore seeks to offer an additional course in the area.

SIMON FRASER UNIVERSITY
DEPARTMENT OF ECONOMICS

COURSE: ECON 826-4

SEMESTER: Spring 1996

TITLE: Industrial Organization II

INSTRUCTOR: D. Allen

This course examines the theory of contracts. After a review of the economics of uncertainty, the course will look at the implications of allowing economic agents to acquire information and adjust their priors of uncertain events. We look at two different approaches to this problem. The first generally assumes agents are risk neutral (transaction cost approach) and the second assumes some agents are risk averse (the principal-agent approach). The course finishes with an application to vertical contracts.

The distribution of grades will be as follows:

Participation:	20%
Term Paper	15%
Midterm Exam:	25%
Final Exam:	40%

Weeks 1-2 Review of economics of uncertainty

- a. Hirshliefer and Riley, **The Economics of Uncertainty and Information**, Chapters 1-3.

Weeks 3-4 Property Rights and Transaction Costs

- a. Coase "The Problem of Social Cost" JLE 1960.
- b. Allen "What Are Transaction Costs?" RLE 1991.
- c. Coase "The Nature of the Firm" *Economica* 1937.

Weeks 5-8 Principal Agent Models with Risk Aversion

- a. Hart and Holmstrom "The Theory of Contracts" in T. Bewley (ed.), **Advances in Economic Theory**, Cambridge University Press, 1987.
- b. Sappington "Incentives in Principal Agent Relationships" JEP 1991.
- c. Shavell "Risk Sharing and Incentives in the Principal and Agent Relationship" BJE 1979.
- d. Allen and Lueck "Risk, Uncertainty, and Contracts" manuscript 1994.

Weeks 9-11 Other Principal Agent Models

- a. Sappington "Limited Liability Contracts between Principal and Agent." JET 1983.
- b. Neary and Winter "Output Shares in Bilateral Agency Contracts" JET 1994.
- c. Holmstrom and Milgrom "Multi-Task Principal Agent Analyses" JLEO 1990.
- d. Allen and Lueck "Contract Choice in Modern Agriculture: Cropshare vs. Cash Rent" JLE 1992.

Weeks 12-13 Vertical Contracts

- a. Winter "Vertical Control and Price versus Non-price Competition", QJE 1993.
- b. Blair and Lewis "On Vertical Pricing Relationships" RAND 1994.
- c. Aghion and Boulton "Contracts as Barriers to Entry" AER 1987.
- d. Grossman and Hart "The Costs and Benefits of Ownership: A Theory of Vertical and Lateral Integration" JPE 1986.

Reading Lists available on request

NEW GRADUATE COURSE PROPOSAL FORM

Calendar Information:

Department: Economics

Course #: ECON 860-4

Title: Environmental Economics

Description: The analysis of the role of the natural environment in economic system. All economic activity creates waste products (pollution) which must be disposed of back into the natural environment. The socially efficient amount of waste generation and disposal is determined and methods of reaching this level evaluated. This involves the theoretical and empirical determination of the costs and benefits of waste generation and a thorough discussion of the role of government policies: taxes, standards, tradeable emission permits versus private market initiatives (bargaining and green goods) under a variety of assumptions about the economic system.

Credit Hrs: 4

Vector: 0/4/0

Prerequisite(s), if any:

Enrollment and Scheduling:

Estimated Enrollment: 10

When will the course first be offered: 96-1

How often will the course be offered: once a year

Justification: The course is an important field in economics. There are a number of positions for people with graduate training in the field for those at the Ph.D. and M.A. levels. It also allows students at SFU to have a concentration in Natural resource and environmental economics, by taking this course plus our existing courses in Natural Resource Economics and Fisheries Economics.

Resources: One-quarter of a faculty member's teaching load.

Which faculty member will usually teach the course: Nancy Olewiler

What are the budgetary implications of mounting the course: none

Are there sufficient library resources (append details):

- Appended: a) Outline of the course
- b) An indication of the competence of the Faculty member to give the course
- c) Library resources Approved:

Approval: _____ Date: June 17 95
 Departmental Graduate Committee: [Signature]
 Faculty Graduate Committee: [Signature] Date: July 25 1995
 Faculty: [Signature] Date: 21 July 95
 Senate Graduate Committee: [Signature] Date: 22 Sept/95
 Senate: _____ Date: _____

DEPARTMENT OF ECONOMICS

RATIONALE FOR NEW COURSE PROPOSAL for Economics 860-4

Three years ago, the Department offered Environmental Economics as a graduate course under our special topics category (Economics 911). This was done to expand the number of applied courses offered in the graduate program and to recognize the importance of this field in economics. Environmental economics has been offered at a large number of universities in Canada and the United States. It is a well-established field with several journals dedicated to the subject as well as a professional association. The Economics Department anticipated that a number of students would find this course attractive, both for its own sake and to combine with our other offerings in the related areas of Natural Resource Economics and several courses in Fisheries. Students at the graduate level, by taking all these courses, would have a concentration in Natural Resources and Environmental Economics. The course is now being taught for the third time. Enrollment in the course has ranged from 7 to 15 students. A number of students have now completed MA projects in this field and several Ph.D. students are working in the area.

Department of Economics
Simon Fraser University
Environmental Economics
Economics 860

Instructor: Nancy Olewiler
2684 WMX
Phone: 291-3409

Course Outline and Readings

Course Content and Objectives

The principal objective is to integrate the environment into economic analysis. The course covers theoretical and applied topics including: the economics of waste generation, market-oriented solutions to pollution, the ability of economic incentives and command and control policy instruments to reach target levels of pollution under a variety of assumptions about the economy, measurement of the benefits of improving environmental quality, the impact of the environmental regulation on the economy, and ecological economics. Specific topics covered may vary depending on student's interests. The course is applied microeconomics and should provide students exposure to model building and empirical approaches in economics.

Course Requirements

The requirements for the course are a final exam and a major paper on a topic to be selected from the course outline and readings, or from readings of your own choosing (and checked with me). Each will count as 50% of the total term mark. The paper will be due after the end of classes in April. You will also be asked to give a brief (20 minutes) presentation of your paper in class and be prepared to answer questions about it. The exam will cover the entire course. I will hand out some sample questions before the exam.

There is no course text.

Readings - Lists available on request

For each topic we cover, I have listed a number of readings. Some we will cover in class. Others are optional reading or extensions of what we cover. Required readings are indicated by an *. The other readings are optional and may be helpful for paper topics. Note in the references below: JEEM is the *Journal of Environmental Economics and Management*.

COURSE ALTERATION AND RATIONALE

(PLEASE USE THIS FORM FOR THE FOLLOWING CHANGES: Change of Title, Change of Course Description, Change of Credit Hour, Change of Vector, Change of Prerequisite, Change in Requirements for Graduate Program, etc.)

DEPARTMENT OF ECONOMICS

FROM: *(New Item)*

TO: *Satisfactory Performance*

The progress of each candidate will be assessed at least once a year by the department (Fall). Any student who performs unsatisfactorily will be subject to the procedure for the review of unsatisfactory progress described in Graduate General Regulation 1.8.2.

RATIONALE: This regulation (used by Criminology) allows close monitoring of student progress, and notifies students that such monitoring will take place.

(Please note: this form should be used for each of the curriculum changes mentioned above)