

# SIMON FRASER UNIVERSITY

S.74-163

## MEMORANDUM

To..... SENATE

From..... SENATE GRADUATE STUDIES COMMITTEE

Subject..... NEW COURSES ECON 891-5, 895-5  
896-5, 897-5

Date..... NOVEMBER 14, 1974

MOTION:

"That Senate approve the following courses:

ECON 891-5 The Economics of Public Choice  
ECON 895-5 Marketing Measurement  
ECON 896-5 Marketing Theory and Models  
ECON 897-5 Consumer Behavior"

S.74-163

SIMON FRASER UNIVERSITY

To: Members of Senate

From: Office of the  
Dean of Graduate  
Studies

Subject: New Courses

Date: November 6, 1974

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MOTION: That Senate approve the following courses:

Econ 891-5 The Economics of Public Choice  
Econ 895-5 Marketing Measurement  
Econ 896-5 Marketing Theory and Models  
Econ 897-5 Consumer Behavior

These courses were approved by the Senate Graduate  
Studies Committee on November 4, 1974.



Jon Wheatley  
Dean of Graduate  
Studies.

1. CALENDAR INFORMATION:

Department: Economics & Commerce Course Number: Econ 891-5

Title: The Economics of Public Choice

Description: The course will apply economic theory to the analysis of non-market, political choice. Some of the topics studied will be coalition formation and rational voter behavior; allocations under various property rights system; optimal constitutions; public goods, externality and market failure; social cost of public sector externalities; federalism; discrimination, nationalism and crime.

Credit Hours: 5 Vector: 5-0-0 Prerequisite(s) if any: Econ.800 or permission

2. ENROLLMENT AND SCHEDULING:

Estimated Enrollment: 8 to 10 When will the course first be offered: Fall 1975 or Spring 76

How often will the course be offered: Every year.

3. JUSTIFICATION:

Basically there are two. First, the field is a recognized scholarly area and addresses itself to the important question of how rational choice theory can be used to analyze public choice in a way analogous to orthodox price theory of the market sector. That such a field exists, is viable, and growing is suggested by the membership of its professional organization, the Public Choice Society, which from its origins in the early sixties has grown from a handful of economists to perhaps five hundred scholars. Many major universities including Toronto, Carleton, Western Ontario, Harvard, UCLA, Yale, Johns Hopkins, Texas, Virginia, Washington (St. Louis) and Virginia Polytechnic Institute offer graduate courses and a Ph.D. field in this subject.

The second justification is that this course along with Econ. 890 would provide the core for a Ph.D. field: Public Finance and Public Choice. Econ. 890 assumes that public choices are exogenously given and analyzes the effects of their alteration on private markets and individuals. Econ. 891 would consider the sources of alteration in the public choices themselves.

4. RESOURCES:

Which Faculty member will normally teach the course: Thomas E. Borcharding; Zane A. Spindler

What are the budgetary implications of mounting the course: None.

Are there sufficient Library resources (append details): Yes. All books and articles are available.

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

Approved: Departmental Graduate Studies Committee: [Signature] Date: Sept 12/74  
 Faculty Graduate Studies Committee: [Signature] Date: 8 Oct 174.  
 Faculty: [Signature] Date: Nov. 6/74.  
 Senate Graduate Studies Committee: [Signature] Date: 12-11-74  
 Senate: \_\_\_\_\_ Date: \_\_\_\_\_

# The Economics of Public Choice

## Outline

- I Anarchy and the Establishment of Property Rights
  - (a) What are property rights?
  - (b) Hobbes's and the Contractarian approach to the creation of property rights
  
- II Competitive Allocations with Costless Enforcements of Property Rights
  - (a) Positive analysis
  - (b) Notion of optimal allocations
  
- III Some Forms of Market "Failures" under Positive Transactions Costs
  - (a) What is a Firm?
  - (b) Monopoly: natural and contrived
  - (c) Externalities
  - (d) Public Goods and the "free riding" problem
  - (e) Some applications
  
- IV Voting as an Alternative Institution for Social Choice
  - (a) Optimal constitutions, social welfare functions, and the positive theory of jurisprudence
  - (b) Coalition formation, parties and political entrepreneurs
  - (c) The logic of the citizen-voter
  - (d) The possibility of consistent social choice
  - (e) Externalities from government or "polity failure"
  - (f) Some empirical applications
  
- V The Economics of Income Redistribution
  - (a) Positive theory and empirical tests
  - (b) Normative implications
  
- VI Bureaucracy and the problem of Non-Competitive Supply of Public Services
  - (a) Why public supply?
  - (b) Theory and testing
  - (c) Alternatives to public supply of public services

## Outline (con't.)

- VII The Theory of Clubs and Federalism
- (a) The notion of optimal jurisdictions
  - (b) Revenue sharing and tax exportations in the U.S. and Canada
- VIII The Social Imbalance Hypothesis
- (a) Galbraith and his critics
  - (b) The growth of government in Canada, the U.S., and the U.K., and its causes.
- IX Some Other Applications of Non-Market Decision Making
- (a) The economics of the university
  - (b) Nationalism as an economic phenomenon
  - (c) Discrimination, forced integration and separatism
  - (d) Health care and hospitals under alternative institutions
  - (e) Rationing as a political exercise in consumer monopsony
  - (f) The economics of custom and manners

Selected Readings from Bibliography

(Outline available from Library)

- I. Gordon Tullock (ed.), Explorations in the Theory of Anarchy (1972)
- II. Francis Bator, "The Simple Analytics of Welfare Maximization", Am. Econ. Rev. (Sept. 1957).
- III. Ronald Coase, "The Problem of Social Cost," J. of Law and Econ. (Oct. 1960).
- Paul A. Samuelson, "A Diagrammatic Exposition of a Theory of Public Expenditures," Rev. of Econ. and Stats. (Nov. 1955).
- Harold Demsetz, "Why Regulate Utilities," J. of Law and Econ. (April. 1968).
- John McManus, "The Organization of Production," Can. J. of Econ. (forthcoming).

- 3.
- IV. James Buchanan and Gordon Tullock, The Calculus of Consent (1962).  
Anthony Downs, An Economic Theory of Democracy (1957).  
William Riker, The Theory of Political Coalitions (1962).  
Albert Breton, The Theory of Representative Government (1973).  
Mancur Olson, The Logic of Collective Action (1965).  
Kenneth Arrow, Social Choice and Individual Values (2nd ed., 1963).  
Gordon Tullock, Towards a Mathematics of Politics (1967).
- V. George Stigler, "Director's Law of Public Income Distribution,"  
J. of Law and Econ. (Apr. 1970).  
Gordon Tullock, "The Charity of the Uncharitable," West. Econ. J.  
(Dec. 1971).  
Harold Hochman and James Rodgers, "Pareto Optimal Redistribution,"  
Am. Econ. Rev. (Sept. 1969).  
D.M. Winch, "Pareto, Public Goods and Politics," Can. J. of Econ.  
(Nov. 1969).
- VI. William N.iskanen, Bureaucracy and Representative Government (1971).  
Armen Alchian and Reuben Kessel, "Competition, Monopoly and the  
Pursuit of Pecuniary Gain," in Aspects of Labor Economics  
(1962).  
J.L. Migue and G. Belanger, "Toward a General Theory of Managerial  
Discretion," Public Choice (forthcoming)  
Gordon Tullock, The Politics of Bureaucracy (1965).
- VII. J.C. Weldon, "Public Goods and Federalism," Can. J. of Econ. (May, 1966).  
Albert Breton and Anthony Scott, The Economics of Federalism  
(forthcoming).  
Charles Goetz, What Is Revenue Sharing? (1973).
- VIII. J.K. Galbraith, The Affluent Society (1958).  
Thomas E. Borcherding (ed.), Budgets and Bureaucrats: The Sources of  
Government Growth (forthcoming).  
Allan T. Peacock and Jack Wiseman, The Growth of Public Expenditure  
in the United Kingdom (1961).

Richard Bird, The Growth of Government Spending in Canada (1970).

IX. Armen Alchian, "Private Property and the Relative Cost of Tenure,"  
in The Public Stake in Union Power (1958).

Albert Breton, "The Economics of Nationalism," J. of Pol. Con.  
(Aug. 1964).

C.M. Lindsay, The Economics of Medical Care in the U.S.:  
Vetrans' Administration Hospital (forthcoming).

T.E. Borcharding, "The Economics of Segregation and Forced  
Integration: Public Choice with Tie-Ins," ms.

James M. Buchanan and Nicholas Tideman, "The Political Economy  
of Rationing," J. of Pol. Econ. (forthcoming).

Roland McKeon, "The Economics of Courtesy," in Essays in Honor of  
Milton Friedman (forthcoming).



## New Graduate Course Proposal Form

Form GS.8

## CALENDAR INFORMATION:

Department: Economics and Commerce Course Number Econ 895-5Title: Marketing MeasurementDescription: The course will focus on the generation and analysis of non-accounting measurements from sources both internal and external to the firm, with the purpose of the understanding of the use of such measurements in market segmentation.Credit Hours: 5 Vector: 5-0-0 Prerequisite(s) if any: Econ 333-3 and Econ 835-5

## ENROLLMENT AND SCHEDULING:

Estimated Enrollment: 6 - 10 When will the course first be offered: 75-3, 76-1 or 76-2How often will the course be offered: once a year when justified by demand (on a readings basis until then)JUSTIFICATION: This course will be part of a three course sequence constituting an approved marketing field for graduate study within the department. The combination of Economics and Commerce fields in graduate study would be unique in Canada, and is made possible by the nature of our department.

## RESOURCES:

Which Faculty member will normally teach the course: B. Schoner, D. MannWhat are the budgetary implications of mounting the course: NoneAre 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: Departmental Graduate Studies Committee: B. A. Johnson Date: Oct 3/74Faculty Graduate Studies Committee: J. M. [Signature] Date: Feb. 22/74Faculty: W. G. P. [Signature] Date: Oct. 30, 1974Senate Graduate Studies Committee: H. E. [Signature] Date: 12-11-74

Senate: \_\_\_\_\_ Date: \_\_\_\_\_

## Marketing Measurement

This course will focus on the generation and analysis of non-accounting marketing measurements from sources both internal and external to the firm, with the ultimate goal of understanding the use of such measurements in market segmentation.

### Major Topics

1. Fundamentals of Measurement
  - a. Measurement in the physical sciences
  - b. The problems of representation and uniqueness
  - c. Measurement in the social sciences
2. Construction of scales
3. Sources of Measurement error
  - a. Experimental Design to minimize error
  - b. Analysis of validity
  - c. analysis of reliability
4. Multidimensional methods
  - a. Factor analysis
  - b. Multidimensional Scaling
  - c. Discriminant analysis
5. Market Segmentation measures
  - a. Use of socio-demographic and economic characteristics
  - b. Use of personality and life-style characteristics
  - c. Situation specific characteristics
  - d. Relation to micro-economics
6. Design of segmentation studies

## BIBLIOGRAPHY

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- Alpert, L., and R. Gatty, "Product Positioning by Behavioral Life-Styles," Journal of Marketing, XXXIII (April 1969), 65-69.
- Andreasen, A.R., "Geographic Mobility and Market Segmentation," Journal of Marketing Research, III (November 1966), 341-48.
- Asseal, H., "Segmenting Markets by Group Purchasing Behavior: An Application of the AID Technique," Journal of Marketing Research, VII (May 1970), 153-58.
- \_\_\_\_\_, and G.S. Day, "Attitudes and Awareness as Predictors of Market Share," Journal of Advertising Research, VIII (December 1968), 3-10.
- Axelrod, J.N., "Attitude Measures That Predict Purchase," Journal of Advertising Research, VIII (March 1968), 3-17.
- Banks, S., "Some Correlates of Coffee and Cleanser Brand Shares," Journal of Advertising Research, I (June 1961), 22-28.
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- Barclay, W., "The Semantic Differential as an Index of Brand Attitude," Journal of Advertising Research, IV (March 1964), 30-33.
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- Bass, F.M., D.J. Tigert, and R.T. Lonsdale, "Market Segmentation: Group versus Individual Behavior," Journal of Marketing Research, V (August 1968), 264-70.

Benson, P.H., "Consumer Preference Distributions In the Analysis of Market Segmentation." Chicago: American Marketing Association, 1962.

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- Frank, R.E., "Is Brand Loyalty a Useful Basis for Grocery Market Segmentation?" (mimeographed), December 1965. (a)
- \_\_\_\_\_, and W.F. Massy, "Innovation and Brand Choice: The Folger's Invasion," In S.A. Greyser, Toward Scientific Marketing, pp. 96-107. Pro-

ceedings of American Marketing Association Winter Conference, Boston, December 1963.

\_\_\_\_\_, "Market Segmentation and the Effectiveness of Brand's Price and Dealing Policies," Journal of Business, XXXVIII (April 1965), 186-200. (b)

\_\_\_\_\_, "Brand Loyalty as a Basis for Market Segmentation," Journal of Advertising Research, VII (June 1967), 48-53. (b)

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Wind, Y., and P.J. Robinson, "The Application of Multidimensional Scaling in Segmentation Research," paper presented at the first annual conference of the Association of Consumer Research, Amherst, August 1970.

New Graduate Course Proposal Form

Form GS.8

CALENDAR INFORMATION:

Department: Economics and Commerce Course Number: Econ 896-5

Title: Marketing Theory and Models

Description: This course will consist primarily of analysing and applying marketing models and theory toward a better understanding of economic exchange. The philosophy and methodology of model building will be emphasized throughout the course.

Credit Hours: 5 Vector: 5-0-0 Prerequisite(s) if any: Econ 333-3 Econ 835-5

ENROLLMENT AND SCHEDULING:

Estimated Enrollment: 6 - 10 When will the course first be offered: 75-3, 76-1 or 76-2

How often will the course be offered: once a year when justified by demand (on a readings basis until then)

JUSTIFICATION:

This course will be part of a three course sequence constituting an approved marketing field for graduate study within the department. The combination of Economics and Commerce fields in graduate study would be unique in Canada, and is made possible by the nature of our department.

RESOURCES:

Which Faculty member will normally teach the course: D. Mann, B. Schoner

What are the budgetary implications of mounting the course: None

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: Departmental Graduate Studies Committee: R.D. Johns Date: Oct 3/74
Faculty Graduate Studies Committee: [Signature] Date: Oct 22 1974
Faculty: W.A.S. [Signature] Date: Oct. 30, 1974
Senate Graduate Studies Committee: H.E. Rieckhoff Date: 12-11-74
Senate: [Signature] Date:

## Marketing Theory and Models

This course will consist primarily of analysing and applying marketing models and theory toward a better understanding of economic exchange. The philosophy and methodology of model building will be emphasized throughout the course.

### Major Topics

1. Elements and Characteristics of a Model:  
assumptions, postulates and observations;  
consistency; complexity; level of symbolic  
abstraction; (operational) significance;  
identifiability.
2. Categories of models: intertemporal state;  
stochasticity; explicitness; exactness.
3. Components in a Theory of Marketing: utility; value;  
specialization and market size; comparative  
advantage; scarcity; substitution; the individual's  
desire for a multitude of goods.
4. Review of current marketing theory and models:  
optimizing models - pricing, promotion, life cycle;  
distribution channels - logistics;  
marketing research; environment; consumer behavior -  
attitude formation and change; learning; market  
segmentation.
5. Developing and Testing New Models

## Bibliography for Proposed Course in Marketing Theory and Models

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1. CALENDAR INFORMATION:Department: Economics and Commerce Course Number: Econ 897-5Title: Consumer BehaviorDescription: A study of the results of consumer interactions with the forces affecting purchase decisions. The influence of environmental, corporate and governmental factors on consumer behavior and the processes of consumer decision making will be examinedCredit Hours: 5 Vector: 5-0-0 Prerequisite(s) if any:  
Econ 333-3 or Econ. 835-52. ENROLLMENT AND SCHEDULING:Estimated Enrollment: 6 - 10 When will the course first be offered: 75-3, 76-1 or 76-2How often will the course be offered: once a year when justified by demand  
(on a readings basis until then)3. JUSTIFICATION:This course will be part of a three course sequence constituting an approved marketing field for graduate study within the department. The combination of Economics and Commerce fields in graduate study would be unique in Canada and is made possible by the nature of our department.4. RESOURCES:Which Faculty member will normally teach the course: R. Wyckham, R. AndrewsWhat are the budgetary implications of mounting the course: NoneAre there sufficient Library resources (append details): YesAppended: a) Outline of the Course  
b) An indication of the competence of the Faculty member to give the course  
c) Library resourcesApproved: Departmental Graduate Studies Committee: [Signature] Date: Oct 3 1974Faculty Graduate Studies Committee: [Signature] Date: 5 7 22 1974Faculty: [Signature] Date: Oct 30, 1974Senate Graduate Studies Committee: [Signature] Date: 12-11-74

Senate: \_\_\_\_\_ Date: \_\_\_\_\_



## Consumer Behavior

A study of the results of consumer interactions with the forces affecting purchase decisions. The influence of environmental, corporate and governmental factors on consumer behavior and the processes of consumer decision-making will be examined.

### Topics

- 1) Models of consumer behavior
- 2) Factors affecting consumer purchasing decisions
- 3) The consumer decision process
- 4) Industrial buying behavior
- 5) Social issues concerning consumer behavior

### Readings

#### Models of Consumer Behavior

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