

**Trachtenberg School of Public Policy and Public Administration
PPPA 6014.10 & 6014.O11 – Microeconomics for Public Policy II
Fall 2018**

Professor:

Anil Nathan (anathan@gwu.edu)

Class Times and Location:

PPPA 6014.10: Thursday 6:10pm-8:00pm, 1915 E. St. (Room 310)

PPPA 6014.O11: Wednesday 3:30pm-5:20pm, 1776 G. St. (Room C-110)

Office: Media and Public Affairs 611L

Office hours (subject to change): Tuesday x:xxpm-x:xxpm, Wednesday x:xxpm-x:xxpm, Thursday x:xxpm-x:xxpm and by appointment.

Course Content and Goals: PPPA 6014 is intended to develop the ability to use economic analysis to analyze and evaluate the effects of public policy and focuses on using microeconomic tools and models. PPPA 6015 focuses on “turning theory into practice” through the use of benefit-cost, cost-effectiveness, and cost-utility analysis. Concepts that covered in the course are listed in the course outline. As a result of the course students will do the following:

- Review the basic tools and concepts of intermediate microeconomic analysis and welfare economics
- Learn how to apply these tools to analyze the effects of public policies
- Understand how the approach of behavioral economics may modify the predictions and results of the traditional economic model.

Expected minimum time requirements: In accordance with GW policy, this three-credit course is expected to require a minimum 112.5 hours of work (average of 7.5 hours per week over the 15 week semester). Class sessions are 2 hours (110-120 minutes) per week. Most of the time will be required for the extensive assigned reading, work on problem sets, preparation for the presentation of an article to the class, preparation for and taking the midterm and the final exam, and the preparation of the final paper. The specified minimum of 112.5 hours is the standard level for three-credit courses but most students find this course harder than average and should expect to spend the necessary additional time to master the material and prepare a high quality paper. Students with incomplete college algebra or precalculus background may find it helpful to refer to:

<http://www.leahbrooks.org/leahweb/teaching/pppa6007/2017/subpages/resources.html>

Prerequisites: PPPA 6007 (Leah Brooks)

<http://www.leahbrooks.org/leahweb/teaching/pppa6007/2017/subpages/lectures.html> or a comparable course or background in *intermediate microeconomics*.

Book and Readings: The main textbook of the course Lee S. Friedman, *The Microeconomics of Policy Analysis*, (Princeton, 2002). This book is wonderful with regards to the outlining of the economic theory behind the public policy that we will study in the course. However, the examples are obviously going to be dated as the book was published 16 years ago. Therefore, you will be assigned many readings to from journal and popular press articles that will supplement the theory outlined in the textbook. These readings will be available on blackboard. I also suggest that you have any principles of microeconomics textbook handy.

Class Meetings: Classes will consist of first going over the main points of the relevant Friedman reading for the day (30-60 minutes). The remainder of the time will be spent on the additional readings, class discussions, and simulations (i.e. games) of the economic theories discussed in the readings and in class.

Grading: Problem Sets (15%)
Midterm Exam (25%)
Research Paper / Policy Brief (20%)
Final Exam (35%)
Class Participation (5%)

Course Outline and Friedman Readings (Other Readings TBA):

I. Introduction and Overview

Friedman (F), Chs. 1 and 2

What is Policy Analysis?

Weimer and Vining (WV), Ch. 1 and 2 (optional) Role of Economics in Policy Analysis

Varian: "What Use is Economic Theory?"

II. Modeling Incentives: Consumer and Producer Choice

Modeling Consumer Choice

Modeling behavior of Individual Consumers F, Ch. 3

Modeling Producer Choice and Behavior of Firms

Modeling behavior of individual producers F, Ch. 9, pp. 317-355

Modeling Choices Over Time

F: Ch. 8 (pp. 278-299)

III. Normative Analysis of Public Policy: I

Empirical Measures of Efficiency: Consumer and Producer's Surplus

F, Ch. 6 and Ch. 9 pp. 336-3450

The Compensation Principle

F, Ch. 6

Pareto optimality and competitive equilibrium

F, Ch. 12, pp. 461-481.

Markets and Efficiency: An Alternative Perspective

F.A. Hayek, "The Use of Knowledge in Society", *American Economic Review*, 1945: <http://www.econlib.org/library/Essays/hykKnw1.html>

IV: Normative Analysis of Public Policy II: Private Market Failure

Overview: Economic Rationales for Government Intervention in the Marketplace

F: Ch. 15

Public Goods, Externalities, Decreasing Costs and Economies of Scope

F, Ch. 16, 17

Response to Market Failure

Public Goods:

Externalities:

V. Uncertainty and Imperfect Information

Imperfect Information and Market Failure

F, Ch. 7, pp. 220-235

Insurance and Risk-Sharing

F, Ch. 7, pp. 235-266

UNIVERSITY AND TRACHTENBERG SCHOOL CLASS POLICIES

Trachtenberg School Civility Statement

Higher education works best when it becomes a vigorous and lively marketplace of ideas in which all points of view are heard. Free expression in the classroom is an integral part of this process. At the same time, higher education works best when all of us approach the enterprise with empathy and respect for others, irrespective of their ideology, political views, or identity. We value civility because that is the kind of community we want, and we care for it because civility permits intellectual exploration and growth.

University policy on observance of religious holidays

In accordance with University policy, students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance. For details and policy, see: students.gwu.edu/accommodations-religious-holidays.

Academic integrity code

Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. For details and complete code, see: studentconduct.gwu.edu/code-academic-integrity

Safety and security

In the case of an emergency, if at all possible, the class should shelter in place. If the building that the class is in is affected, follow the evacuation procedures for the building.

After evacuation, seek shelter at a predetermined rendezvous location.

Support for students outside the classroom Disability Support Services (DSS)
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information see: disabilitysupport.gwu.edu/

Mental Health Services 202-994-5300

The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals. For additional information see: counselingcenter.gwu.edu/

Additional Trachtenberg School Policies

1. Incompletes: A student must consult with the instructor to obtain a grade of I (incomplete) no later than the last day of classes in a semester. At that time, the student and instructor will both sign the CCAS contract for incompletes and submit a copy to the School Director.

Please consult the TSPPPA Student Handbook or visit http://www.gwu.edu/~ccas/faculty/files/Incomplete_poli0.pdf for the complete CCAS policy on incompletes.

2. Submission of Written Work Products Outside of the Classroom: It is the responsibility of the student to ensure that an instructor receives each written assignment. Students can submit written work electronically only with the express permission of the instructor.
3. Submission of Written Work Products after Due Date: Policy on Late Work: All work must be turned in by the assigned due date in order to receive full credit for that assignment, unless an exception is expressly made by the instructor.
4. Academic Honesty: All examinations, papers, and other graded work products and assignments are to be completed in conformance with the George Washington University Code of Academic Integrity. (see <http://www.gwu.edu/~ntegrity/code.html>)

Note especially the definition of plagiarism: "intentionally representing the words, ideas, or sequence of ideas of another as one's own in any academic exercise; failure to attribute any of the following: quotations, paraphrases, or borrowed information."

5. Changing Grades After Completion of Course: No changes can be made in grades after the conclusion of the semester, other than in cases of clerical error.
6. The Syllabus: This syllabus is a guide to the course for the student. Sound educational practice requires flexibility and the instructor may

therefore, at her/his discretion, revise content and requirements during the semester.

Additional Information

At a recent meeting of the GW Faculty Senate, President Thomas LeBlanc remarked that on the GWU campus, it is graduate students more so than undergraduates who encounter the issues with food security and even homelessness. With that in mind, the following GWU resources are listed below for your reference

Any student who faces challenges affording groceries or accessing sufficient food to eat everyday, who lacks a safe and stable place to live, and believes this may affect their performance in class is encouraged to contact the Dean of Student Affairs for support.

Furthermore, please contact your Professor if you feel comfortable doing so. This will enable her/him to provide resources she/he may know about.

Other resources you may find helpful.

- *Food Pantry on Campus* - students.gwu.edu/store
- *Foggy Bottom Food Pantry* - [://sites.google.com/.../neig.../the-foggy-bottom-food-pantry](https://sites.google.com/.../neig.../the-foggy-bottom-food-pantry)
- *Emergency Funding* - financialaid.gwu.edu/emergency-funding
- *Mental Health Counseling* - healthcenter.gwu.edu/mental-health