

Trachtenberg School of Public Policy and Public Administration
PPPA 6014 – Microeconomics for Public Policy II
Spring 2024
(UPDATED 3/22/2024)

Who am I and where can you find me?

Anil Nathan (anathan@gwu.edu , 202-994-0982)

Class Time and Location:

- Section 10: Thursday 3:30pm-5:20pm in Tompkins 205
- Section 11: Thursday 6:10pm-8:00pm in Tompkins 306

Office Hours (subject to change): TBA on Blackboard

Appointments: anil-nathan.youcanbook.me

Who is here to help?

Graduate Assistants:

- Tom Hammang (thammang@gwmail.gwu.edu)
- Yoonjoo Han (yoonyoohan@gwmail.gwu.edu)

Office Hours: TBA On Blackboard

Location: “Course Room” on Blackboard

What you need to know beforehand?

Prerequisites: PPPA 6007

<http://www.leahbrooks.org/leahweb/teaching/pppa6007/2019/subpages/lectures.html>

or a comparable course.

Course Description:

Is universal basic income a panacea? Why is social distancing so hard under current American public policy and how can it be improved? What groups do not like international trade and why? We will address these questions and more as we progress through this course. You will learn to “think like an economist” when analyzing and evaluating public policy. Building on the theory from PPPA 6007 (the pre-requisite to this course), you will explore new concepts and apply both new and previously learned economic theory to analyze and make recommendations on practical policy questions (such as the ones listed above). You will clearly and thoroughly write a policy memo that uses economics as its core rationale, which is a skill often used in the policy world. If done well, you have a great writing sample or potential publication. Along the way, you will assess the efficient and equity of various policies on relevant stakeholders.

Goals: In 3-5 years, I hope you will...

- Use rigorous economic theory to analyze public policy. That is THE MAIN Goal of the class.
- Comprehend economic jargon when you hear it.
- Write clear, concise, and technically accurate policy memos.
- In evaluation of policies, think about both efficiency and equity considerations.

Objectives: By the end of the course, you will...

- Describe how prices can change incentives
- Master how optimizing behavior leads to different policies
- Employ proper terminology in problem sets, exams, and a policy brief.
- Write clear, concise, and technically accurate policy memos (The objective and goal are the same).
- Classify the various stakeholders of public policy
- Determine if the stakeholders benefit or lose from policy changes.



As you can see from the cartoon above, trying to quantify a social science such as economics can be a risky endeavor. You will see that there can be many contradictions. You will learn to identify and try to explain these contradictions with (often competing) models. Unlike PPPA 6007 (the pre-requisite to this course), you will not be doing as much calculation. While good for intuition, the calculations you performed in PPPA 6007 are not the methods used by economists in the real world, where much more complex mathematics (i.e. calculus, etc) is needed. Instead, you will learn to broadly explain or predict the results of policy using the intuition of these models. Mathematics will be used, but answers will often be abstract. However, the skill of broadly explaining policy results or predictions using economic models will be very useful to you in future analytical endeavors (and to avoid being hoodwinked by economists)!

What materials will be used?: The main source of the notes (available a few weeks in advance of the class period) and the recommended textbook of the course is Thomas Nechbya's *Microeconomics, An Intuitive Approach* (2nd edition). **The notes are based on the book, so you do not necessarily need the textbook to review the material.** However, the book does have additional practice questions that you may find useful. I provided 2 copies of the book to the D/E/I bookshare. You can use another intermediate text (including but not limited to Goolsbee et al's *Microeconomics* that is used in PPPA 6007) as a substitute as well. You will also be assigned readings from journal and popular

press articles that will supplement the theory outlined in the textbook. These readings will be available on blackboard 1 week in advance.

What will class be like? Classes will consist of first going over the main points of the relevant book readings and notes for the day (60-80 minutes). **Please look at the notes in advance** (Disclaimer: I do like to tinker with the notes up to the last minute, so if what is presented in class is not exactly I put on blackboard days before, do not worry. It will be very close to the same). Some of the notes are review from PPPA 6007, so we will not cover all of the notes in detail in class, but they are there for your reference outside of class. However, you are encouraged to ask questions on any of the material, whether we cover it in class or not, and you are responsible for ultimately understanding all the material on the notes. The remainder of the time will be spent on practice questions, additional readings, class discussions, and simulations (i.e. games) related to the economic theories covered and how they relate to public policy.

How will the goals and objectives be assessed?

Reading Reactions: For indicated external readings, there will be very short (1 paragraph reaction essay. You will need to briefly discuss the topics and conclusions/opinions of the readings along with your reaction to them. These are very informal, and really used as a tool to ensure that you read what is assigned so we can have good classroom discussions. If assigned a very technical economic piece, I will direct you on what is important to read. These will be submitted through Blackboard and due on the day of class. Note that there will sometimes be a 1 class lag between the topics presented in the notes and when the relevant readings are assigned so that you are exposed to the notes in class first before reading.

Problem Sets: There will be approximately 5 problem sets assigned (approximately 3 will be graded). While you have less problem sets than PPPA 6007, each problem set is longer. You are encouraged to work together, but you must submit your own work. Consider these assignments as a low-stakes way to assess your mastery of the material. We will go over how to do some of the questions in class, but some questions will have you combine some concepts discussed in class and on the notes. This is by design to test you (once again, in a low-stakes way) to see if you can apply multiple concepts in a new situation. Please seek as much help as you need on the problem sets!

Exams: There will be a take-home midterm and a take-home final exam (cumulative). You will have about 1 week to work on each one. The date of the final exam will be around 1 week after the last class. The tentative dates for each of these exams is listed later on in the syllabus.

Policy Brief: There will a policy brief in which you will develop and present an economic analysis of a policy issue chosen by you. This will be due near the end

of the final exam period. This will involve the submission of an abstract early in the semester regarding your idea(s), followed by an annotated bibliography/outline and “one slide description” for display. Please see the document on Blackboard regarding this paper.

Class Participation: As Woody Allen says, 80% of life is showing up. The other 20% (for our purposes) is being a good class citizen and doing your best to add to class discussions. Attendance will be taken at classes. However, things of course come up, so absences with legitimate reasons (illness, family, work travel, etc.) are accepted.

Grading: Problem Sets (8%)
Reading Reactions (5%)
Midterm Exam (17.5%)
Final Exam (22.5%)
Proposal/Abstract of Policy Brief (5%)
Outline and Annotated Bibliography (5%)
“One Slide Description” (2%)
Final Policy Brief (30%)
Class Participation (5%)

The course weighted average will be calculated and letter grades assigned approximately through the following rules:

A: Top 15-20% of the class; A-: Next 25-30% of the class; B+: Next 25-30% of the class; B and below: Bottom 15-20% of the class.

However, your grade will go up in your favor if your course weighted average falls in the following ranges.

A: 93.00-100.00; A-: 90.00-92.99; B+: 87.00-89.99; B: 83.00-86.99; B- and below: <83.00

Tentative Class Schedule and Readings

Class	Date	Topic and Questions	Nechyba Book Chapters	Additional Readings
1	1/18/24	Introduction; Review of Budgets, Tastes, and Optimization Questions: How can you define rationality? What does your economic self think about when making decisions?	2,4-6 (Keywords: Tastes, Preferences, Indifference Curves, Budgets, Optimization)	None
2	1/25/24	Income and Substitution Effects; Grants and Transfers Questions: How do prices subconsciously affect decisions? Is throwing money from a helicopter better than subsidizing a specific good?	7 (Keywords: Income and Substitution Effects)	TBA on Blackboard
3	2/1/24	Labor Market Decisions Questions: How do we decide how much we work? Will you work more or less with higher wages?	3.1, 8.1-8.2, 9.1-9.2 (Keywords: Labor Supply, Labor/Leisure Choice, Income/Substitution Effects in Labor Markets)	TBA on Blackboard
4	2/8/24	Intertemporal Consumption Questions: Why do Americans save so abysmally? Will lowering interest rates increase student debt?	3.2,3.3,8.3 (Keywords: Intertemporal Consumption, Interest Rates, Saving, Borrowing)	TBA on Blackboard
5	2/15/24	Consumer Surplus, Producer Surplus, and First Welfare Theorem Questions: Can free markets for human organs work? How can we measure how much society is willing to pay for green energy?	10,15 (Keywords: Welfare, Willingness to Pay, Consumer Surplus, Producer Surplus, First Welfare Theorem)	TBA on Blackboard
6	2/22/24	Surplus in Competitive Markets Questions: Who wins and loses in a trade war? Can a minimum wage increase employment?	18-20 (Keywords: Price Ceilings, Price Floors, Taxes, Subsidies, Tariffs, Quotas, Immigration, Outsourcing)	TBA on Blackboard
7	2/29/24	Externalities and Public Good Theory Questions: Is global warming the result of the greatest market failure in human history? Is "privatization" a dirty word?	21,27 (Keywords: Externalities, Pigouvian Taxes/Subsidies, Permits, Public Goods, Free-Riders, Preference Revelation)	TBA on Blackboard
8	3/7/24	Externalities and Public Good Theory Contd. Questions: Why do we need a government at all? Why are we lazy when others are around?	21,27 (Keywords: Externalities, Pigouvian Taxes/Subsidies, Permits, Public Goods, Free-Riders, Preference Revelation)	TBA on Blackboard

9	3/21/24	Natural Monopolies Questions: Why are there such limited choices for energy consumption? Should regulations induce profits?	23.1, 23.3 (Keywords: Monopoly, Natural Monopolies, Regulation of Monopolies)	TBA on Blackboard
10	3/28/24	Asymmetric Information Questions: Why was the Affordable Care Act so difficult to sustain? Does “driver monitoring” enhance consumer welfare?	22 (Keywords: Asymmetric Information, Adverse Selection, Moral Hazard, Statistical vs. Preference Based Discrimination)	TBA on Blackboard
11	4/4/24	Statistical Discrimination Game Question: Does stereotyping enhance efficiency or crush markets?		TBA on Blackboard
12	4/11/24	Government and Politics & Behavioral Economics Questions: Why are such extreme policies passed in Congress? What do economists love ranked-choice voting?	28 (Keywords: Arrow Impossibility Theorem, Condorcet Paradox, Chicago School, Virginia School)	TBA on Blackboard
13	4/18/24	Behavioral Economics and Game Theory Questions: Why do we procrastinate on so many things? Can an opt-out retirement account actually increase savings over an opt-in one?	29 (Keywords: Present Bias, Self-Control, Libertarianism Paternalism)	TBA on Blackboard
14	4/25/24	Game Theory Continued Why is social distancing so hard? Why do nuclear weapons proliferate even if we do not want them?	24 (Keywords: Nash Equilibrium, Simultaneous Games, Sequential Games, Complete vs Incomplete Information.)	TBA on Blackboard

Tentative Assignment Due Dates	
Problem Sets	
Problem Set 1	Thursday, February 8
Problem Set 2	Thursday, February 22
Problem Set 4	Wednesday, April 3rd
(Problem Set 3 is ungraded)	
Exams	
Midterm	Friday, March 8
Final	Thursday, May 2
Policy Brief	
Policy Brief Proposal/Abstract	Tuesday, February 27
Outline and Annotated Bibliography	Tuesday, April 9
Virtual Poster	Tuesday, April 23
Policy Brief	Wednesday, May 8

UNIVERSITY AND TRACHTENBERG SCHOOL CLASS POLICIES

Attendance: Please let me know if you will be late, need to leave early, or need to miss class altogether. I do expect you to attend class unless otherwise noted. However, err on the side of missing class if you feel ill.

Please follow the [GW campus commitment](#) and the [Campus Health and Well-Being policy](#).

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 110 minutes per week. Most of the time will be required for the extensive assigned reading, work on problem sets, 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.

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 policies

Academic Integrity Code

Academic integrity is an essential part of the educational process, and all members of the GW community take these matters very seriously. As the instructor of record for this course, my role is to provide clear expectations and uphold them in all assessments. Violations of academic integrity occur when students fail to cite research sources properly, engage in unauthorized collaboration, falsify data, and otherwise violate the [Code of Academic Integrity](#). If you have any questions about whether particular academic practices or resources are permitted, you should ask me for clarification. If you are reported for an academic integrity violation, you should contact Student Rights and Responsibilities (SRR) to learn more about your rights and options in the process. Consequences can range from failure of assignment to expulsion from the University and may include a transcript notation. For more information, refer to the SRR website at studentconduct.gwu.edu/academic-integrity, email rights@gwu.edu, or call 202-994-6757.

University policy on observance of religious holidays

Students must notify faculty during the first week of the semester in which they are enrolled in the course, or as early as possible, but no later than three weeks prior to the absence, of their intention to be absent from class on their day(s) of religious observance. If the holiday falls within the first three weeks of class, the student must inform faculty in the first week of the semester. For details and policy, see provost.gwu.edu/policies-procedures-and-guidelines.

Use of Electronic Course Materials and Class Recordings

Students are encouraged to use electronic course materials, including recorded class sessions, for private personal use in connection with their academic program of study. Electronic course materials and recorded class sessions should not be shared or used for non-course related purposes unless express

permission has been granted by the instructor. Students who impermissibly share any electronic course materials are subject to discipline under the Student Code of Conduct. Contact the instructor if you have questions regarding what constitutes permissible or impermissible use of electronic course materials and/or recorded class sessions. Contact Disability Support Services at disabilitysupport.gwu.edu if you have questions or need assistance in accessing electronic course materials.

Academic support

Academic Commons

[Academic Commons](http://academiccommons.gwu.edu) is the central location for academic support resources for GW students. To schedule a peer tutoring session for a variety of courses visit go.gwu.edu/tutoring. Visit academiccommons.gwu.edu for study skills tips, finding help with research, and connecting with other campus resources. For questions email academiccommons@gwu.edu.

GW Writing Center

GW Writing Center cultivates confident writers in the University community by facilitating collaborative, critical, and inclusive conversations at all stages of the writing process. Working alongside peer mentors, writers develop strategies to write independently in academic and public settings. Appointments can be booked online at gwu.mywconline.

Support for students in and outside the classroom

Disability Support Services (DSS) 202-994-8250

Any student who may need an accommodation based on the potential impact of a disability should contact Disability Support Services at disabilitysupport.gwu.edu to establish eligibility and to coordinate reasonable accommodations.

Student Health Center 202-994-5300, 24/7

The Student Health Center (SHC) offers [medical](#), [counseling/psychological](#), and [psychiatric](#) services to GW students. More information about the SHC is available at healthcenter.gwu.edu. Students experiencing a medical or mental health emergency on campus should contact GW Emergency Services at 202-994-6111, or off campus at 911.

GW Campus Emergency Information

GW Emergency Services: 202-994-6111

For situation-specific instructions, refer to [GW's Emergency Procedures guide](#).

GW Alert

GW Alert is an emergency notification system that sends alerts to the GW community. GW requests students, faculty, and staff maintain current contact information by logging on to alert.gwu.edu. Alerts are sent via email, text, social media, and other means, including the Guardian app. The Guardian app is a safety app that allows you to communicate quickly with GW Emergency Services, 911, and other resources. Learn more at safety.gwu.edu.

Protective Actions

GW prescribes four protective actions that can be issued by university officials depending on the type of emergency. All GW community members are expected to follow directions according to the specified protective action. The protective actions are Shelter, Evacuate, Secure, and Lockdown (details below). Learn more at safety.gwu.edu/gw-standard-emergency-statuses.

Shelter

- Protection from a specific hazard
- The hazard could be a tornado, earthquake, hazardous material spill, or other environmental emergency.
- Specific safety guidance will be shared on a case-by-case basis.

Action:

- Follow safety guidance for the hazard.

Evacuate

- Need to move people from one location to another.
- Students and staff should be prepared to follow specific instructions given by first responders and University officials.

Action:

- Evacuate to a designated location.
- Leave belongings behind.
- Follow additional instructions from first responders.

Secure

- Threat or hazard outside of buildings or around campus.
- Increased security, secured building perimeter, increased situational awareness, and restricted access to entry doors.

Action:

- Go inside and stay inside.
- Activities inside may continue.

Lockdown

- Threat or hazard with the potential to impact individuals inside buildings.
- Room-based protocol that requires locking interior doors, turning off lights, and staying out of sight of corridor window.

Action:

- Locks, lights, out of sight
- Consider Run, Hide, Fight