

Economics for Public Decision-Making
PPPA 6003, Section 12
Fall 2024

Trachtenberg School of Public Policy and Public Administration
George Washington University
Thursdays, 6:10 - 8:00 p.m.
1957 E Street (Elliott School), Room 316

Course Staff

Instructor

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Office Hours: Tuesdays (video chat or phone) from 4:00 to 6:00 p.m. and Thursdays (MPA 601K, video chat, or phone) from 3:30 to 5:30 p.m., as well as by appointment. Sign up at christophercarrigan.youcanbook.me.

Overview and Learning Objectives

Making good decisions in both the public and nonprofit sectors requires solid critical thinking and analytical skills. Moreover, these decisions can require the manager in these types of organizations to consider a different and potentially more complicated set of considerations relative to similar choices in the private sector. This course approaches the study of microeconomics from the perspective of how it can assist current and prospective public and nonprofit managers in addressing real-world policy problems. As a result, the course emphasizes applications related to situations where government does or could intervene in the economy. Some broad questions that are addressed include: When can government play a role in improving market outcomes? How can we evaluate whether a policy is likely to be effective? How should concerns about efficiency and equity be balanced? What are the potential pitfalls associated with government involvement in markets? How can public and nonprofit managers increase the effectiveness of their organizations?

The course is intended for students in the Master of Public Administration program. Although some familiarity with graphing, computation, and algebra is helpful, no prior study of economics or mathematics is necessary or assumed. A fundamental purpose of the course is to introduce students to the economic way of thinking and to show how that approach can allow them to make more informed and better choices. Students will be exposed to concepts and tools that will enable them to build the skills to be able to:

- Apply microeconomics to help solve current public sector challenges;
- Implement relevant graphical and algebraic analyses;
- Evaluate arguments advocating certain approaches to addressing policy issues;
- Incorporate economic principles in approaching daily decisions.

Expectations

Course grades will be determined through a combination of five elements based on the percentages listed in parentheses below.

Class Participation (10%): The class sessions will be more interesting to all of us, and you are sure to learn more if you are willing to participate in our discussions. If you do need to miss class, be sure to get notes from one of your classmates as the class discussions will be the best source of material for the tests.

Problem Sets (15%): There will be nine problem sets assigned over the course of the semester. They will be graded on a check-plus or check-minus system, based on whether you fully completed the assignment. Thus, your grade on each problem set will be determined not by whether you answered the questions correctly but, rather, whether you completely answered each of the questions and submitted your solutions via the course Blackboard site prior to the beginning of the next class session. This underscores the importance of reviewing my posted solutions after you submit your problem sets to make sure you understand the material. In addition, you are encouraged to work on these assignments with classmates but please turn in your own solutions if you do.

Test 1 (25%): Test 1 will be closed book and given during class on October 3. It will cover all course material up to that point. You should plan to use a calculator for the test, but you are not allowed to use the programming function of the calculator if it has one.

Test 2 (25%): Test 2 will be closed book as well and given on December 5. Like the first test, although you can use a calculator, you are not allowed to use the programming function associated with it. Test 2 will focus on the course material after the first test.

Policy Brief (25%): Here is your chance to apply what you have learned to a policy problem. You will choose a policy issue of interest from a set of possibilities that I will provide and write a short paper (approximately four pages) incorporating both a little of your own research as well as your knowledge of the microeconomic concepts relevant to the problem. Unlike the problem sets, group work is not permitted on this assignment. The policy brief should be submitted via the course Blackboard site by 11:59 p.m. on December 12. Additional details will be provided after the first test.

Reading Materials

Each week will feature a case study to connect the economic concepts we discuss to real world issues. The readings associated with these case studies can be found under the "Schedule" tab on Blackboard. In addition to their relevance for class discussions, the case studies will also form the basis for some of the problem set questions.

In addition, below are two optional books that you might consider purchasing if you would like additional materials to support your learning. The Mankiw book is a textbook, but it is easy to read, especially relative to the typical textbook. The Wheelan book is definitely not a textbook and provides concrete explanations of even the most difficult ideas we cover. The relevant chapters for each week are listed in the class schedule below. Still, recognize that the books are optional so do not feel any pressure to purchase them.

Mankiw, N. Gregory. *Principles of Microeconomics*. 9th Edition. Boston, MA: Cengage Learning, 2021.

Wheelan, Charles. *Naked Economics: Undressing the Dismal Science*. Fully Revised and Updated. New York: W. W. Norton & Company, 2019.

Class Schedule, Readings, and Assignments

The schedule as outlined below is somewhat tentative in the sense that while I will keep us moving in the right direction, I want to make sure we are covering everything that is relevant given that, for many, this will be a first course in economics. Moreover, I may change some of the case studies depending on what is currently in the news. To the extent that I do make changes, I will be certain to let you know. An updated version of the syllabus will always be available on Blackboard.

1 – August 22

Topic: Introducing Economics
Case Study: Outsourcing and Trade
Optional Readings: Mankiw, Chapters 1 and 3
Wheelan, Chapter 12

2 – August 29

Topic: Competitive Markets
Case Study: Corn Production and Consumption
Due: Problem Set 1
Optional Readings: Mankiw, Chapter 2 Appendix and Chapter 4
Wheelan, Chapter 1

3 – September 5

Topic: Consumers and Demand
Case Study: Metro Fares
Due: Problem Set 2
Optional Readings: Mankiw, Chapter 5

4 – September 12

Topic: Firms and Supply
Case Study: Airline Costs and Competition
Due: Problem Set 3
Optional Readings: Mankiw, Chapters 13 and 14
Wheelan, Chapter 2

5 – September 19

Topic: Efficiency and Surplus
Case Study: Benefit-Cost Analysis
Due: Problem Set 4
Optional Readings: Mankiw, Chapter 7

6 – September 26

Topic: Government Involvement in Markets
Case Study: Minimum Wage
Due: Problem Set 5
Optional Readings: Mankiw, Chapters 6 and 8
Wheelan, Chapter 4

7 – October 3

Test 1, 6:10 - 8:40 p.m.

October 10

No Class – Happy Fall Break!

8 – October 17

Topic: Monopoly, Oligopoly, and Government Intervention
Case Study: Antitrust
Optional Readings: Mankiw, Chapters 15 and 17
Dixit, A. K. and S. Skeath, "Simultaneous-Move Games with Pure Strategies I: Discrete Strategies," Chapter 4 in *Games of Strategy*

9 – October 24

Topic: Externalities, Public Goods, and Government Intervention
Case Study: Environmental Economics
Due: Problem Set 6
Optional Readings: Mankiw, Chapters 10 and 11
Wheelan, Chapter 3

10 – October 31

Topic: Imperfect Information and Government Intervention
Case Study: Consumer Financial Protection
Due: Problem Set 7
Optional Readings: Wheelan, Chapter 5
Stiglitz, J. E. and C. E. Walsh, "Imperfect Information in the Product Market," Chapter 15 in *Principles of Microeconomics*

11 – November 7

Topic: Government's Role in Promoting Equity
Case Study: Inequality and Poverty
Due: Problem Set 8
Optional Readings: Mankiw, Chapters 19 and 20
Wheelan, Chapter 6

12 – November 14

Topic: Managerial Economics
Case Study: Decision-Making and Biases
Due: Problem Set 9
Optional Readings: Dixit, A. K. and S. Skeath, "Games with Sequential Moves," Chapter 3 in *Games of Strategy*

13 – November 21

Topic: Political Economy
Case Study: Voting Behavior
Optional Readings: Wheelan, Chapter 8

November 21

Optional Test 2 Review Session, Start Time at Class End

November 28

No Class – Happy Thanksgiving!

14 – December 5

Test 2, 6:10 - 8:40 p.m.

15 – December 12

No Class
Due: Policy Brief by 11:59 p.m.

Additional Information and Policies

Course Selection: This course is intended to be a non-technical introduction to microeconomics. If you majored in economics as an undergraduate or have had substantial training in the subject already, you should consider taking PPPA 6014 (Microeconomics for Public Policy II) instead. To the extent you would like to talk further about which course is appropriate, feel free to contact me.

Submitting Work: Assignments should be submitted through the course Blackboard site by the day and time they are due. Late problem sets will not be accepted, and policy briefs will be marked down for each day they are late unless I explicitly make an exception based on your extreme circumstances. To submit your solutions, click on the link to the assignment on Blackboard and upload your document.

Getting Class Help: I encourage you to participate in office hours by video chat, phone, or in person if you are having difficulty with the course material. To sign up for a specific time, please use the sign up link at christophercarrigan.youcanbook.me. Getting help early in the semester might prove useful as many of the weeks build on concepts from prior sessions. In addition, feel free to sign up for the peer educator program at any point during the semester to work one-on-one with a star MPA student who took the course previously. To learn more about the program, contact our Lead Student Services Specialist, Gregory Nelson, at ganelson@gwu.edu.

General Academic Support: A full range of academic support is offered this fall through Academic Commons at academiccommons.gwu.edu. Although more focused on undergraduates, Academic Commons still offers several short videos as well as a variety of live virtual workshops to equip students with the tools they need to succeed. Through Academic Commons, you can also access the GW Writing Center to make an online appointment. The 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.

Late or Missed Class: I assume that students are absent from class for legitimate reasons (e.g., work, religious holiday, etc.). If you are late or absent from class, it is your responsibility to obtain all announcements, assignments, and handouts from Blackboard or from your classmates.

Test Dates: Please notify me in advance if you are aware of a conflict, such as a religious holiday you observe, that will preclude you from taking either test at the assigned time. To the extent possible, I will certainly try to accommodate your request.

Grade Changes and Incompletes: No changes can be made to grades after the conclusion of the semester, other than in cases of clerical error. To obtain a grade of incomplete, you must consult with me no later than the last day of classes in the semester. At that time, we will both sign a contract for completing the incomplete and submit a copy to the MPP and MPA Program Director. Please consult the latest student handbook on the Trachtenberg School's website for the school policy on incompletes.

Average Minimum Independent Weekly Work: Over 14 weeks, students will spend one hour and 50 minutes (110 minutes) per week in class, except for the test weeks where students will have two hours and 30 minutes (150 minutes) to complete the test. Reviewing case materials, notes, and class session recordings as well as completing problem sets and the policy brief are expected to take, on average, seven hours (420 minutes) per week over 15 weeks. During the course of the semester, students will spend 27 hours in class and 105 hours preparing for class, for a total of 132 hours.

Academic Honesty: All assignments and projects in this class are to be completed in conformance with the George Washington University Code of Academic Integrity, which can be found at students.gwu.edu/cesa. Cheating and plagiarism will not be tolerated.

Use of Generative Artificial Intelligence (GAI) Tools: GAI tools such as ChatGPT are becoming important resources in many fields and industries. Accordingly, you are permitted to use such tools to generate content submitted for evaluation in this course, including the class paper. While you may use GAI tools to help generate ideas and brainstorm, you should note that the material generated by these tools may be inaccurate, incomplete, or otherwise problematic. Beware that use may also stifle your own independent thinking and creativity. If you include content (e.g., ideas, text, code, images, etc.) that was generated, in whole or in part, by GAI tools in work submitted for evaluation in this course, you must document and credit your source, just like you would any other source. For example, text generated using ChatGPT-4o should include a citation such as: "ChatGPT-4o. (YYYY, MM DD of query). 'Text of your query.' Generated using OpenAI. chat.openai.com." Material generated using other tools should be cited accordingly. In addition, even if you do not directly quote material in your work from a GAI tool but use it for other purposes such as generating ideas, still include a footnote in your submission indicating how it was used. Failure to do so in this course constitutes failure to attribute under the George Washington University Code of Academic Integrity.

Use of Electronic Course Materials and Class Recordings: Our class sessions will be recorded and accessible after class through the "GW Lecture Capture" link on Blackboard. Students are encouraged to use the electronic course materials, including these recorded class sessions, for private personal use in connection with their academic program of study. Electronic course materials and any recorded class sessions should not be shared or used for non-course related purposes unless express permission has been granted by me as the instructor. Students who impermissibly share any electronic course materials are subject to discipline under the Code of Student Conduct, which can be found at students.gwu.edu/code-student-conduct. Please contact me if you have questions regarding what constitutes permissible or impermissible use of electronic course materials and/or recorded class sessions. In addition, because our class sessions will be video recorded, as part of this course, you may be recorded. The recordings will only be made available to students enrolled in this class for the duration of the semester and are not allowed to be shared. If you do not wish to be recorded, please contact both me and the GW Privacy Office (privacy@gwu.edu) the first week of class (or as soon as you enroll in the course, whichever is latest) with your privacy concern.

Accommodation for Students with Disabilities: If you need extra time on tests or assignments because of a disability, please let me know as soon as possible. In order to receive accommodations based on a disability, you will need to give notice as well as provide proper documentation to Disability Support Services, Rome Hall, Suite 102, (202) 994-8250.

Classroom Code of Conduct: Higher education works best when it encourages a vigorous and lively exchange of ideas in which all points of view are heard. Free expression in the classroom is an integral part of the process. At the same time, this process is most effective when all approach the enterprise with empathy and respect for others, irrespective of their views or identity. Moreover, it is my intent that students from all backgrounds and perspectives will be well served by this course, that students' learning needs will be addressed both in and out of class, and that the diversity that students bring to this class will be viewed as a resource, strength, and benefit.

GW Support Services: GW and its faculty are committed to creating a safe and open learning environment for all students. If you or someone you know has experienced sexual harassment, including sexual assault, dating or domestic violence, or stalking, please know that help and support are available. You may contact the Title IX Office at (202) 994-7434 or at titleix@gwu.edu. Please be aware that faculty members are required to disclose information about suspected or alleged sexual harassment or other potential violations of the Title IX Sexual Harassment and Related Conduct Policy to the Title IX Office. If you or another student you know wishes to speak to a confidential resource who does not have this reporting responsibility, please contact Counseling and Psychological Services through the Student Health Center at (202) 994-5300, or the Office of Advocacy and Support at (202) 994-0443 or at oas@gwu.edu.

GW Campus Emergency Information: GW Emergency Services can be contacted at (202) 994-6111, and situation-specific instructions can be found at safety.gwu.edu/emergency-response-handbook. 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.

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, with details provided below:

1. 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.

2. 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.

3. 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.

4. 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.