Section 10
Time: Wednesdays, 11:10am-1:00pm
Location: Funger Hall, Room 207

Section 11
Time: Wednesdays, 6:10-8:00pm
Location: Duques Hall, Room 259

Professor: Stephanie Riegg Cellini
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Instructional Assistant: Anne Kruse
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Course Description

This course provides an introduction to microeconomics, emphasizing its applications to public management and policy analysis. Decision-making in the public sector involves fundamentally different—and often more complicated—considerations than decision-making in the private sector. This course is designed to help current and prospective professional administrators, managers, and practitioners in the public and non-profit sectors address real-world issues and problems from an economic perspective. No prior experience with economics or mathematics is necessary, although a familiarity with basic graphing, computation, and algebra is assumed. Central questions include: What is the economic justification for government? How should concerns about efficiency and equity be balanced? What policies should we undertake to improve well-being? How can public managers improve the efficiency and effectiveness of organizations?
Learning Objectives

Through lectures, discussions, readings, assignments, and exams, students will develop knowledge and skills that will enable them to:

- Firmly grasp fundamental microeconomic theories and concepts.
- Apply microeconomic principles to real-world public sector problems.
- Conduct graphical and algebraic quantitative analyses.
- Articulate and evaluate opposing economic arguments on a current policy problem.
- Incorporate economic concepts and tools into their own writing, thinking, and work.

Course Requirements

Problem Sets (10%)

- There will be 10 problem sets due throughout the semester. While you must turn in your own solutions, you are encouraged to work with your classmates. Solutions will be posted on Blackboard after the due date. Problem sets will be graded on a “grade point” basis where 4 = A, 3.5 = A-/B+, 3 = B, 2.5 = B-/C+, etc. (and 0 if not turned in).

Midterm Exam (20%)

- The midterm will be an in-class examination covering all of the course material up to that point.
- The exam is closed book and you are allowed to bring an old-school calculator (no phones).
- I will consider the midterm a no-fault exam—that is, if you do better on the final than on the midterm, I will replace your midterm grade with your final grade when I calculate your overall grade for the course. If you do worse on the final, your midterm grade will stand.

Policy Brief (30%)

- This is your chance to apply what you’ve learned to a policy problem. You will choose a policy issue from a list that I will provide and write a short (4-page) paper that will require a limited amount of outside research in addition to your knowledge of microeconomic concepts. Detailed instructions will be handed out in class on week 8.

Final Exam (40%)

- The final will also be “in-class” during finals week. As the course is cumulative, the final will cover all of the course material.
- The final is closed book and you are allowed to bring an old-school calculator (no phones).

Required Texts

• I strongly encourage you to buy the 7th edition (you should be able to find it used), however, if you choose to get a previous edition, you are responsible for ensuring that you have covered all of the required readings and problem set problems that correspond to the 7th edition.
• You do not need the “access code” for online content or any other supplemental materials.

• Simply the best econ book ever. Note that we will use the (newer) 2010 edition of the book.

**Class Schedule & Outline**

Week 1 (Aug. 30)
• Overview of Economics: Why the dismal science may be worthwhile...
   Wheelan, Foreward & Introduction & Ch. 9 (yes, Ch. 9)
   Mankiw, Ch. 1 & 2 (including Ch. 2 appendix)
   Case Study: Olympic Uniforms

~~~~~~~~~~~~     Unit I: The Power of Markets     ~~~~~~~~~~~~~

Week 2 (Sept. 6)
• How Markets Work: Who feeds D.C.?
   Wheelan, Ch. 1 & 12
   Mankiw, Ch. 3 & 4
   Case Study: Drought & Corn Production
   **Problem Set #1 Due**

Week 3 (Sept. 13)
• Consumers & Demand: Shopaholics Unite!
   Mankiw, Ch. 5
   Case Study: Congestion Pricing
   **Problem Set #2 Due**

Week 4 (Sept. 20)
• Firms & Supply: What Average Joe’s Hot Dog Stand & Pepsi Co. have in common.
   Wheelan, Ch. 2
   Mankiw Ch. 13 & 14
   Case Study: Airline Costs & Competition
   **Problem Set #3 Due**

Week 5 (Sept. 27)
• Why Markets Work: Efficiency—not just for washing machines.
  ▪ Mankiw, Ch. 7
  ▪ Case Study: Cost-Benefit Analysis
  ▪ **Problem Set #4 Due**

~~~~~~~~~~~~~~     Unit II: The Role of Government     ~~~~~~~~~~~~~~~

Week 6 (Oct. 4)
• Government Interference in Efficient Markets: What’s so bad about taxes (aside from having to pay them)?
  ▪ Mankiw, Ch. 6 & 8
  ▪ Case Study: Minimum Wage
  ▪ **Problem Set #5 Due**

Week 7 (Oct. 11)
• **Midterm Exam**

Week 8 (Oct. 18)
• Market Failure & Government Intervention: Monopoly & Oligopoly—gaining a new appreciation for board games.
  ▪ Hand out and discuss policy brief assignment
  ▪ Mankiw, Ch. 15 & 17
  ▪ Dixit & Skeath, "Simultaneous-Move Games with Pure Strategies I: Discrete Strategies," Ch. 4 of *Games of Strategy*.
  ▪ Case Study: Antitrust

Week 9 (Oct. 25)
• Market Failure & Government Intervention: Externalities and Public Goods—what’s mine is yours.
  ▪ Mankiw, Ch. 10 & 11
  ▪ Wheelan, Ch. 3 & 4
  ▪ Case Study: Environmental Economics
  ▪ **Problem Set #6 Due**

Week 10 (Nov. 1)
• Market Failure & Government Intervention: Imperfect Information—what you don’t know CAN hurt you.
  ▪ Wheelan, Ch. 5
  ▪ Stiglitz & Walsh, “Imperfect Information in the Product Market,” Ch. 15 of *Principles of Microeconomics*.
  ▪ Case Study: Trans Fats
Problem Set #7 Due

Week 11 (Nov. 8)
- The Role of Government in Promoting Equity: It’s not the size of the pie, but how you slice it.
  - Mankiw, Ch. 19-20
  - Wheelan, Ch. 6
  - Case Study: Poverty & Inequality
- Problem Set #8 Due
- Policy Brief Due

~~~~~~~~~~~~~~  Unit III: The Economics of Human Behavior  ~~~~~~~~~~~~~~~

Week 12 (Nov. 15)
- Managerial Economics: How to get someone to do what you want them to.
  - Mankiw, Ch. 22
  - Dixit & Skeath, “Games with Sequential Moves,” Ch. 3 of Games of Strategy.
  - Case Study: Behavioral Economics
- Problem Set #9 Due

No class Nov. 22—Happy Thanksgiving!

Week 13 (Nov. 29)
- Political Economy: The Problem(s) with Politicians
  - Wheelan, Ch. 8
  - Case Study: Nudge
- Problem Set #10 Due

Week 14 (Dec. 6)
- Recap, review, special topics, and/or some new material if we are behind.

Final Exam: *** TBD: Probably Wed. Dec. 13, during scheduled class time + 30 min. ***

Additional Policies & Information

- Blackboard: The course website is accessible with your GW email address through GW’s Blackboard academic software at http://blackboard.gwu.edu. The most important link for this class is the “Outline” on the main menu. There you will find all non-textbook readings, copies of class handouts, problem sets, and solutions organized by week.

- Attendance: Please try not to miss class! Lectures are perhaps your most important source of information for exams, assignments, etc. If you are late or have to miss class, please make
sure you get notes from a classmate and download all relevant materials from Blackboard (but you do not need to let me know).

- **Turning Things In:** Problem sets and the policy brief should be turned in electronically as a single pdf document on Blackboard by the start of class on the day they are due. Since you will need to draw graphs (and hand drawing is MUCH easier than computer drawing), you will likely need to scan your homework in. I recommend downloading Scanbot or a similar app for your phone if you do not have a scanner.

- **Deadlines:** This syllabus provides all relevant due dates for assignments. It is your responsibility to ensure that I receive them on time. All assignments must be turned in on Blackboard by the start of class on the day they are due. Late problem sets will not be accepted. Late policy briefs will be marked down for each day they are late (only extreme circumstances warrant exception).

- **Collaboration:** You are welcome to work together on the problem sets under the conditions outlined above. However, the policy brief and both exams must be done completely on your own!

- **Electronics:** While you are welcome to use a laptop to take notes, I do not recommend it, since the class involves a large amount of graphing. If you choose to use a laptop, please use it only for notes (no surfing). Please consider putting cell phones away during class and (at the very minimum) refrain from texting/emailing/surfing or otherwise using your phone, during class. Exceptions are allowed if you are directly responsible for another person’s life.

- **Academic Integrity:** Academic dishonesty will not be tolerated and I regularly check exams and assignments for plagiarism and cheating. You are responsible for knowing and following all of the definitions and policies established in the George Washington University Code of Academic Integrity at [http://www.gwu.edu/~ntegrity/code.html](http://www.gwu.edu/~ntegrity/code.html).

- **Grade Changes:** No changes can be made in grades after the conclusion of the semester, other than in cases of clerical error.

- **Credit Hours:** Over 14 weeks, students will spend 1 hour and 50 minutes (110 minutes) per week in class. Required readings, problem sets, exam review, and the policy brief are expected to take up, on average, 7 hours (420 minutes) per week. Over the course of the semester, students will spend 25.67 hours in instructional time and 98 hours preparing for class, for a total of 123.67 hours.

- **Respect for Diversity:** It is my intent that students from all backgrounds and perspectives be well-served by this course, that students’ learning needs be addressed both in and out of class, and that the diversity that students bring to this class be viewed as a resource, strength, and benefit. I strive to create an inclusive classroom and present materials and activities that are respectful of diversity including gender, sexuality, disability, age, socioeconomic status, ethnicity, race, culture, and political affiliation. Your suggestions are encouraged and appreciated.

- **Conduct:** 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.

- **Religious Holidays:** Religiously observant students should notify me the first week of classes regarding any session that will be missed; the courtesy of an absence without penalty will be extended.

- **Accommodation for Students with Disabilities:** If you need extra time on exams or any other accommodations for a disability, please let me know as soon as possible, preferably in the first week of class. You will need to provide proper documentation to the Office of Disability Support Services, Rome Hall, Suite 102, [http://disabilitysupport.gwu.edu/](http://disabilitysupport.gwu.edu/).

- **Extra Help:** Please be sure to contact me or Anne if you are struggling with course materials. I encourage you to arrange appointments or come to office hours early in the semester if you are having trouble. Also, please first contact Anne for all questions related to the problem sets. If she can’t answer your question, she will pass it along to me.

- **Feedback:** I welcome your feedback on my teaching and the course in general. I am particularly interested in your thoughts on how the content of the class fits in with your other MPA courses. Also, if you happen to come across any interesting articles or other materials that may be useful for future classes, please send them my way!