

PADP 6950: Economic Foundations of Policy Analysis

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Classes: Thursdays, 3:30-6:15pm, Baldwin 307

Office Hours: Tuesdays 2-4pm, or by appointment

University of Georgia

Public Administration and Policy

Spring 2019

Description

This is a course in microeconomic analysis that provides broad exposure to the fundamental economic tools of policy analysis. While competitive markets are often efficient, there are many barriers to perfectly functioning markets that lead to the need for public policy. Ultimately, the goal of the course is to lead students to appreciate the economic method of thought - assuming rational agents respond predictably to incentives in order to allocate the scarce resources at their disposal as seems "best" to them - and how this method can be a widely useful tool for assessing the need for, and likely impact of, public policy.

By the end of the course, student should understand:

- Fundamental economic ideas of scarcity, opportunity cost, and rationality
- Utility and consumer surplus
- Production functions, marginal costs, supply functions and producer surplus
- Markets and how they work
- Market structures of perfect competition and monopoly
- Market failures and policy solutions: the cases of externalities and public goods

Optional Texts

Intermediate Microeconomics: A Modern Approach by Hal R. Varian (any edition)

Microeconomics by Austan Goolsbee, Chad Syverson, and Steven Levitt (either edition)

There will be additional readings which will be distributed in class.

Grading

Class attendance is not required, though there is little prospect of success without it.

Two Exams

There will be two in-class exams, each counting for 30% of the course grade. Any known scheduling problems should be brought to my attention as soon as possible. If you miss the midterm exam without a pre-approved excuse or medical emergency, you will receive a zero. If you have an approved absence, then the final exam will count for 60% of the course grade. No make-up exam will be given.

Weekly Homeworks

There will be weekly homework assignments, which will count for 10% of the course grade. These will be graded on a 3 point scale (check plus, check and check minus). No late assignments will be accepted, but your lowest grade will be dropped. Unless otherwise stated, homeworks can be completed in groups of no more than 3 people. Turn in only one assignment for the group, with everyone's names clearly listed.

Policy memo

The goal of the assignment is to provide a short (4 pages, single-spaced) economic evaluation of some existing or proposed policy. More detailed information on the assignment will be provided separately. This paper will count for 30% of the course grade, with the initial proposal and in-class feedback portion constituting 10%, and the final paper constituting 20%. The final paper is due at the start of class on April 18th. Late papers will lose 10 percentage points for every day that they are late.

Academic Integrity

All students are responsible for maintaining the highest standards of honesty and integrity in every phase of their academic careers. The penalties for academic dishonesty are severe and ignorance is not an acceptable defense.

Email

You are welcome to email me whenever you have a question or need clarification about something related to class. Note that you are expected to abide by professional standards in all written and spoken communications, including email; I will not respond to emails without a subject line or appropriate salutation. Please begin the subject line with "PADP 6950 Spring 2019" so that I can clearly see the email among our other correspondence. Please also allow sufficient time (24 hours) for a response. I will do my best to reply as soon as possible but

oftentimes I might be traveling, in day-long meetings, or engaged in other activities that take me away from email.

Schedule

The following is a tentative schedule of the topics to be covered in each class.

Jan 10	Introduction	
Jan 17	Consumer choice	
Jan 24	Demand	
Jan 31	Surpluses	
Feb 7	Intertemporal choice and uncertainty	
Feb 14	Asymmetric information	
Feb 21	<i>Midterm Exam</i>	
Feb 28	Theory of the firm	
Mar 7	Supply	
Mar 14	Spring Break – <i>no class</i>	
Mar 21	Perfect competition and monopoly	
Mar 28	Game Theory	Paper proposal due
April 4	Welfare	
April 11	Externalities	
April 18	Public goods	Policy paper due
April 25	Review Session	
May 2	<i>Final Exam</i>	