

PADP 6950: Foundations of Policy Analysis

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Classes: Tuesdays, 3:30-6:15pm, Baldwin 102

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

University of Georgia

Public Administration and Policy

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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

Part of the goals for University of Georgia MPA students are that they understand the public policy process at the federal, state and local levels, including formulating, implementing and evaluating public policy. Within the context of this course, students should develop the ability to interpret and persuasively communicate information regarding policy alternatives through written materials. Additionally, students should analyze policy alternatives using quantitative and qualitative tools to evaluate decisions and explain potential ramifications for diverse constituencies.

Additionally, the MPA program at UGA teaches students to utilize various methods and analytical tools to gather, analyze and interpret data to provide effective reasoning for decision-making and policy creation. By the end of this course, students should learn to effectively inform

the public and other stakeholders of decisions and initiatives through the presentation of data and research finding. Furthermore, they should learn to produce policy papers involving the synthesis of information, evaluation, and analysis of critical questions or problems currently facing the field of public administration and policy.

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 and podcasts distributed throughout the semester.

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.

Two Papers

1. **Explain a puzzle:** This paper will count for 10% of the course grade. This paper should be no more than 300 words (one page). Your assignment is to use a principle, or principles, discussed in the course to explain some puzzling pattern of events or behavior that you personally have observed. Do not use complex terminology. Imagine yourself talking to a relative who has never had a course in economics. Do not use any algebra or graphs. You can include a few citations, but you need not include a bibliography. You are not expected to do a lot of research in support

of your argument, although a relevant fact or two might help persuade you that your argument is correct. Your topic need not be important, but try to make it interesting. Your puzzle paper will be graded based on whether the puzzle is actually puzzling (paragraph 1), whether the economic reasoning is sound (paragraph 2), and on the clarity of the writing overall.

2. Policy memo: This paper will count for 20% of the course grade. 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. An initial paper proposal will be due at the start of class on November 5; the final paper is due at the start of class on November 26 (via eLC). 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 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.

Aug 20	Introduction		Varian Ch. 1
Aug 27	Consumer choice		GSL Ch. 4
Sep 3	Demand		GSL Ch. 5 (all sections except 5.3)
Sep 10	Surpluses		GSL Ch. 3 (3.1, 3.4, 3.5)
Sep 17	Intertemporal choice and uncertainty		GSL Ch. 14
Sep 24	Asymmetric information		GSL Ch. 16
Oct 1	<i>Midterm Exam</i>		

Oct 8	Theory of the firm		GSL Ch. 6 (6.1-6.4)
Oct 15	Supply		GSL Ch. 7 (skip 7.6 & 8.1, 8.2)
Oct 22	Perfect competition and monopoly		GSL Ch. 8.4, 9, 10.1-10.3
Oct 29	Game Theory		GSL Ch. 12.1-12.3
Nov 5	Welfare	Policy paper proposal due	GSL Ch. 15 (skip 15.4, 15.5)
Nov 12	Externalities	Puzzle paper due	
Nov 19	Public goods		GSL Ch. 17.1-17.3
Nov 26	Thanksgiving Break - <i>cancelled</i>	Policy paper due	GSL Ch. 17.4
Dec 3	Review		
Dec 10	<i>Final Exam</i> (tentative)		