

## PADP 6950: Economic Foundations of Policy Analysis

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**Classes:** Tuesdays, 7-9:50pm, Baldwin Hall 101D

**Drop-in hours:** Mondays, 2-3pm, and 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 explain how theories and concepts from economics can inform policy decisions, using an economic lens, and develop experience using economic tools to assess likely impacts of public policy. Additionally, students should analyze policy alternatives using quantitative and qualitative tools to evaluate decisions and explain potential ramifications for diverse constituencies.

The MPA program at UGA also aims to teach 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 approaches to effectively inform the public and other stakeholders about prospective policy alternatives or retrospective program evaluation through the presentation of data and research findings. Furthermore, they should

develop the ability to interpret and persuasively communicate information regarding policy alternatives through concise written documents and oral presentations.

### **Optional Text**

*Microeconomics* by Austan Goolsbee, Chad Syverson, and Steven Levitt (**Highly recommended!** 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.

Your overall course grade will be determined by the following rubric.

<b>Assignments</b>	<b>Weight</b>
1. Problem Sets	15
2. Puzzle Paper	10
3. Policy Memo Project	20
4. Midterm Exam	25
5. Final Exam	30
TOTAL	100

At the end of the semester, letter grades will be assigned according to minimum cutoff numbers. In order to earn a given letter grade, your numerical average must be at least as high as the cutoff for that letter. No rounding. Below is the tentative list of cutoffs.

**A: 94      A-: 90      B+: 87      B: 84      B-: 80**  
**C+: 77      C: 74      C-: 70      D: 64      F: 0**

At semester's end, any given cutoff may be lowered below the posted number above, but it will never be raised. Thus, this list represents the minimum numerical average you need to achieve in order to be assured of earning a particular letter grade.

### **Two Exams**

There will be two **in class** exams, the midterm will count for 25% and the final (cumulative) will count 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 55% of the course grade. No make-up exam will be given.

Both exams will be open note, open book. **No devices with internet connectivity capabilities will be permitted.** Although these are open note/open book exams, in light of the time constraint I encourage you to study for them as you would any other closed book exam.

## **Weekly Problem Sets**

There will be weekly homework problem sets, which will count for 15% of the course grade. **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 one **hard-copy** assignment for the group, with everyone's names clearly listed. The deadline for submission will be the start of class time on the due date.

## **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. Late papers will lose 10 percentage points for every day that they are late.

2. **Policy memo:** This project will count for 20% of the course grade. The goal of the assignment is to provide a short (3 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 by class time (7pm) on November 5<sup>th</sup> (via eLC); the final paper is due by class time on Dec 3<sup>rd</sup> (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. Any form of cheating, including plagiarism without a clear citation, will not be tolerated and will result in a zero on the assignment or exam, and

possible additional action. The potential penalties for academic dishonesty are severe and ignorance is not an acceptable defense.

The UGA Student Honor Code states: “I will be academically honest in all of my academic work and will not tolerate academic dishonesty of other.” A *Culture of Honesty*, the University’s policy and procedures for handling cases of suspected dishonesty, can be found at <https://honesty.uga.edu/Academic-Honesty-Policy/>

## **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.

## **Disability Accommodations**

If you plan to request accommodations for a disability, please register with the Disability Resource Center (DRC). The DRC can be reached by visiting Clark Howell Hall, by calling 706-542-8719 (voice) or 706-542-8778 (TTY), or by visiting <https://drc.uga.edu>

## **Prohibition on Recording Lectures**

In the absence of written authorization from the UGA Disability Resource Center, students may not make a visual or audio recording of any aspect of this course. Students who have a recording accommodation agree in writing that they:

- Will use the records only for personal academic use during the specific course.
- Understand that faculty members have copyright interest in their class lectures and that they agree not to infringe on this right in any way.
- Understand that the faculty member and students in the class have privacy rights and agree not to violate those rights by using recordings for any reason other than their own personal study.
- Will not release, digitally upload, broadcast, transcribe, or otherwise share all or any part of the recordings. They also agree that they will not profit financially and will not allow others to benefit personally or financially from lecture recordings or other course materials.
- Will erase/delete all recordings at the end of the semester.
- Understand that violation of these terms may subject them to discipline under the Student Code of Conduct or subject them to liability under copyright laws.

## Mental Health and Wellness Resources

If you or someone you know needs assistance, you are encouraged to contact Student Care and Outreach in the Division of Student Affairs at 706-542-7774 or visit <https://sco.uga.edu>. They will help you navigate any difficult circumstances you may be facing by connecting you with the appropriate resources or services.

- UGA has several resources for a student seeking mental health services (<https://www.uhs.uga.edu/bewelluga/bewelluga>) or crisis support (<https://www.uhs.uga.edu/info/emergencies>).
- If you need help managing stress anxiety, relationships, etc., please visit BeWellUGA (<https://www.uhs.uga.edu/bewelluga/bewelluga>) for a list of FREE workshops, classes, mentoring, and health coaching led by licensed clinicians and health educators in the University Health Center.

## Schedule

The following is a tentative schedule of the topics to be covered in each class; deviations announced to the class by the instructor may be necessary.

Aug 20	Introduction		Varian Ch. 1
Aug 27	<i>Class Cancelled</i>		
Sep 3	Consumer choice		GSL Ch. 4
Sep 10	Demand		GSL Ch. 5 (all sections except 5.3)
Sep 17	Surpluses		GSL Ch. 3 (3.1, 3.4, 3.5)
Sep 24	Intertemporal choice and uncertainty		GSL Ch. 14
Oct 1	Asymmetric information		GSL Ch. 16
Oct 8	<i>Midterm Exam</i>		
Oct 15	Theory of the firm		GSL Ch. 6 (6.1-6.4)
Oct 22	Supply		GSL Ch. 7 (skip 7.6) & 8.1, 8.2
Oct 29	Perfect competition and monopoly		GSL Ch. 8.4, 9, 10.1-10.3
Nov 5	Game Theory	Policy paper proposal due	GSL Ch. 12.1-12.3
Nov 12	Welfare	Puzzle paper due	GSL Ch. 15 (skip 15.4, 15.5)
Nov 19	Externalities		GSL Ch. 17.1-17.3
Nov 26	Public Goods		GSL Ch. 17.4
Dec 3	<i>No class (Friday class schedule)</i>	Policy paper due	
Dec 10	<i>Final Exam</i>		