

Economics for Public Decision-Making
PPPA 6003, Section 12
Fall 2020

Trachtenberg School of Public Policy and Public Administration
George Washington University
Online Class Meetings on Tuesdays from 6:10 to 8:00 p.m.

Course Staff

Instructor

Professor Christopher Carrigan

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Office Hours: Mondays, Tuesdays, and Thursdays from 4:00 to 6:00 p.m. by phone or video chat, as well as by appointment. Sign up at christophercarrigan.youcanbook.me

Teaching Assistant

Ross Apter

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Office Hours: Thursdays from 6:30 to 9:00 p.m. by phone or video chat, as well as by appointment. Send Ross an email to set up a time

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 improve the efficiency and 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 into how they approach daily decisions.

Expectations

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

Participation (10%): We will meet as a class through the course Blackboard site's video conferencing function on Tuesdays at 6:10 p.m. These discussions will build upon the associated video lectures that I will post in advance on Blackboard. Although I will likely provide a brief overview of the week's material at the beginning of our sessions, most of the time will be spent discussing your questions and comments. In addition, during some weeks, I would like to organize exercises to illustrate the concepts we are focusing on for that week. If you view the lectures before we meet and are willing to participate in our discussions, we will collectively get much more out of our time together. Further, there are many ways to participate in this class, including engaging with classmates to work on problem sets and participating in office hours with either me or Ross.

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 prior to the beginning of the next video 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.

Midterm Exam (25%): The open book midterm will be released on Blackboard at 6:10 p.m. on October 13 and will cover all course material up to that point. You should submit your answers to Blackboard by 10 p.m. on October 13.

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, 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 to Blackboard by 6:10 p.m. on November 24. Additional details will be provided after the midterm.

Final Exam (25%): The final will also be an open book exam. Like the midterm, I will release the final exam on Blackboard at 6:10 p.m. on December 15, and you will submit your answers to Blackboard by 10 p.m. that day. The exam will focus on what we cover after the midterm.

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*. 8th Edition. Boston, MA: Cengage Learning, 2018.

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 – September 1

Topic: Introducing Economics

Case Study: Outsourcing and Trade

Optional Readings: Mankiw, Chapters 1 and 3; Wheelan, Chapter 12

2 – September 8

Topic: Competitive Markets

Case Study: Corn Production and Consumption

Optional Readings: Mankiw, Chapter 2 Appendix and Chapter 4; Wheelan, Chapter 1

Due: Problem Set 1

3 – September 15

Topic: Consumers and Demand

Case Study: Metro Fares

Optional Readings: Mankiw, Chapter 5

Due: Problem Set 2

4 – September 22

Topic: Firms and Supply

Case Study: Airline Costs and Competition

Optional Readings: Mankiw, Chapters 13 and 14; Wheelan, Chapter 2

Due: Problem Set 3

5 – September 29

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

6 – October 6

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

7 – October 13

Midterm Exam, 6:10 – 10:00 p.m.
Post Policy Brief Assignment

8 – October 20

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 27

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

10 – November 3

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

11 – November 10

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

12 – November 17

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

13 – November 24

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

14 – December 1

Topic: Final Exam Review

15 – December 15

Final Exam, 6:10 – 10:00 p.m.

Additional Information and Policies

Accessing Lectures and Class Discussions: The course website is accessible through the academic software, Blackboard, at blackboard.gwu.edu. The video lecture for each week will be available at the "Recorded Lectures" link. To participate in our class discussions, go to the "Tools" link, select "Blackboard Collaborate Ultra," and join the appropriate session.

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 in Blackboard by the beginning of the class session on the date 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 Word document or PDF.

Getting Help: I encourage you to participate in office hours by video chat or phone 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 from either me or the teaching assistant, Ross Apter, early in the semester might prove useful as many of the weeks build on concepts from prior sessions. For questions about problem sets specifically, Ross is likely your best first source for assistance. In addition to getting help from me and Ross, feel free to sign up for the peer educator program at any point during the semester to work virtually one-on-one with a star MPA student who took the course previously. To learn more about the program, contact our Assistant Director of Graduate Studies, Deneé Bottoms, at dbottoms@gwu.edu.

Exam 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 the midterm or final 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 our Assistant Director of Graduate Studies. Please consult the latest student handbook on the Trachtenberg School's website for the school policy on incompletes.

Average Minimum Independent Weekly Work: Over 15 weeks, students will spend roughly one hour and 50 minutes (110 minutes) per week in synchronous class sessions, except for the midterm and final weeks where students will have three hours and 50 minutes (230 minutes) to complete the exams. Reviewing video lectures, reading case materials, and completing problem sets and the policy brief are expected to take, on average, seven hours (420 minutes) per week. Over the course of the semester, students will spend just under 32 hours in class sessions and 105 hours preparing for class, for a total of roughly 137 hours.

Virtual 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 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.

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 studentconduct.gwu.edu/code-academic-integrity. Cheating and plagiarism will not be tolerated.

Use of Electronic Course Materials and Class Recordings: Students are encouraged to use electronic course materials, including recorded class sessions, for private personal use in connection with their academic program of study. Electronic course materials and recorded class sessions should not be shared or used for non-course related purposes unless express permission has been granted by the instructor. Students who impermissibly share any electronic course materials are subject to discipline under the Code of Student Conduct. Please contact the instructor if you have questions regarding what constitutes permissible or impermissible use of electronic course materials and/or recorded class sessions. In addition, because our synchronous class discussions 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. If you do not wish to be recorded, please contact both the instructor 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 exams 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.

General Academic Support: A full range of academic support is offered virtually this fall through Academic Commons at academiccommons.gwu.edu. Although more focused on undergraduates, Academic Commons still offers several short videos addressing different virtual learning strategies for the unique circumstances of the fall 2020 as well as a variety of live virtual workshops to equip students with the tools they need to succeed in this environment. Through Academic Commons, you can also access GW's 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.