

Principles of Public Economics

Spring 2019 Syllabus of In-Person Section of RPAD 503

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Updated 1/15/19. Please check Blackboard for updates throughout the semester.

1 Course Description

Summary

How do markets allocate resources in an economy? What are the tradeoffs between efficiency and equity? What effect do taxes have on individual and firm behavior? What are the key rationales for governments to intervene in the economy?

This class surveys microeconomic theory, with particular emphasis on principles most relevant for government and applications to policy or management. The first part of RPAD 503 explores markets and their efficiency at allocating resources – under perfect conditions. The second part of RPAD 503 explores the ways that markets can fail, and considers possible policies for solving these failures.

Students with substantial prior economics background (e.g., one graduate microeconomics course or two advanced undergraduate microeconomics courses) should confer with the instructor about possibly waiving RPAD 503.

Learning Objectives

By the end of the course students should be able to:

1. Understand key general principles about how economies work, when they work well, and when they don't work well; and
2. Apply those general principles to the sorts of specific questions/problems facing civil servants on a daily basis.

Readings

This course uses open educational resources in an effort to save students money that would otherwise be spent on a costly textbook. The main sources of readings are listed below:

1. [UM] Principles of Economics, University of Minnesota Libraries Publishing, eLearning Support Initiative
2. [CI] Principles of Microeconomics, by Douglas Curtis and Ian Irvine, Lyryx Learning Inc.
3. Robert Russell. *The Price of Everything: A Parable of Possibility and Prosperity*. Available as a paperback book or from UAlbany Library as a pdf.

Other readings, or links to readings, will be posted to Blackboard (as noted in the schedule on p.6).

2 Course Logistics

Module Structure

Each course topic (one per week) will have a corresponding module folder on Blackboard. Within that folder, you will have access to:

- A summary of learning objectives for the week
- A weekly to-do list of readings, lecture videos, quizzes, forums, and/or assignments, with hyperlinks to each item
- A calendar of upcoming assignment deadlines
- An “Ask a Question” forum for students to ask any questions regarding the content or logistics

Almost all deadlines will be Wednesdays at 5 pm to be submitted on Blackboard (weekly quizzes, problem sets, memos, and comments on others’ forum posts). The only exception will be responding to discussion forum posts, which students should do by Monday at 5 pm. This will allow two days for you all to read each others’ posts and reply with comments and questions.

Office Hours

For help with course concepts and assignments, both the teaching assistant and instructor will be available for regular in-person office hours. Sungyoon Lee will hold her office hours on Wednesdays 1 to 3 pm in *****. Lucy Sorensen will hold her office hours Mondays 4 to 6 pm in *****. We are willing to make alternative arrangements for students to video conference in if they are unable to attend in person.

Communication

In all emails with the instructor, please use the text “RPAD 503” within the subject line to ensure a prompt response. Unfortunately, I am unable to respond to emails asking for help on assignments either on the due date or the evening before – so please plan ahead. For communication with your classmates for team assignments, Blackboard’s “Groups” option will allow you to plan and collaborate together and share information and files. The “Ask a Question” forum should also be used liberally for technical, administrative, or economics-problem-solving help from classmates and the instructor.

Accommodations

Reasonable accommodations will be provided for students with documented physical, sensory, systemic, cognitive, learning and psychiatric disabilities. If you believe you have a disability requiring accommodation in this class, please notify the Disability Resource Center (Campus Center 130; 518-442-5490; <http://www.albany.edu/disability/current.shtml>). That office will provide the course instructor with verification of your disability, and will recommend appropriate accommodations. If you wish to discuss academic accommodations for this course, please inform the instructor as soon as possible.

Incomplete Grades

Please see https://www.albany.edu/graduatebulletin/requirements_degree.htm#graduate_grades for the university policy on incomplete grades.

3 Grading

Grade Components

Your grade will comprise of a weighted average of all assignment, exam, and participation grades, with the breakdown specified in the table below. We will use your 10 scores from the weekly reading quizzes and top 7 scores for discussion board forums.

Component	Details	Percent
Quizzes	(10 quizzes at 1 % each)	10
Blackboard Forum	(7 forums at 2 % each)	14
Problem Sets	(4 assignments at 8 % each)	32
Memos	(2 assignments at 8 % each)	16
Midterm Exam		12
Final Exam		16
<i>Total</i>		<i>100</i>

Reading Quizzes (10%)

Each week, students will take a short timed quiz on Blackboard based on the assigned readings and lecture videos for that week prior to 5 pm on Wednesday. Each quiz is short, but intended to probe not only your topical knowledge from the readings (e.g. key formulas and terms), but also your deeper conceptual understanding. I recommend taking notes as you read and watch videos on key definitions, issues, questions, and themes.

Only your top 10 scores from weekly quizzes will count towards your final grade, and the remainder will be automatically dropped. Therefore, even if you are unable to complete the readings one week, or unable to submit the quiz due to technical difficulties, it will not be detrimental to your grade. For this reason, no makeup quizzes will be permitted. If you are encountering technical difficulties, please contact Blackboard help and/or the TA to figure out how to fix the issue for the subsequent quiz.

Blackboard Forum (14%)

Regular online participation is a vital element of the course. As in the real world, students will benefit from regularly engaging in friendly debate and discussion with classmates. Students should perform the following each week in which there is an assigned forum:

1. Write their own short response post to the forum by Monday 5 PM
2. Read posts of all classmates in your assigned discussion group;
3. Comment on at least two classmates' posts by the following Wednesday 5 PM

Problem Sets (32%)

For this course you will be assigned four problem sets: two to turn in individually and two to turn in with a team. These problem sets will be primarily quantitative, but with occasional more conceptual inquiries from the readings. You should expect to spend approximately 8-12 hours on each problem set.

Memos (16%)

There will be two short analytical memos – one prepared individually and one as a team – in which you discuss how to apply course principles to specific case studies. These memos will take a somewhat different form and length than the decision memos assigned in RPAD 507. A grading rubric for memos will be provided to students.

4 Assignment Policies

Collaboration

The instructor will randomly assign students into groups for the team assignments to encourage you to discuss the course material with classmates and to provide networking opportunities. I also strongly recommend that you discuss the individual problem sets and memos with your peers, provided that:

1. You attempt every problem on your own before discussing them with colleagues;
2. You write up your own individual assignments from scratch, without looking at your colleagues' work while you do it; and
3. That you explicitly acknowledge whom you worked with on the front page of the assignment.

Copying a colleague's work directly is considered academic dishonesty.

Late Work

All assignments are due at the specified date and time in this syllabus, unless otherwise specified. After 5 pm on the due date, the assignment is considered late, and 10 points are deducted from the final score. Each additional day late results in an additional deduction of 10 points. In the case of serious family or medical emergencies, please discuss with the instructor to discuss alternative accommodations.

Re-Grading

If you believe that a major error has been made in the grading of your assignment or exam, you may make a written appeal describing why you think the grade should be changed. To be considered, this appeal needs to be emailed to the teaching assistant and instructor within three days of receiving your graded assignment back. Your cumulative grade upon instructor regrading may ultimately be lowered, increased, or remain the same.

Plagiarism and Citations

Please familiarize yourself with the information at <http://library.albany.edu/use/red/plagiarism/index.html>. Plagiarism is a major offense and can receive severe punishments, from automatically failing the course to being expelled from the program. If in doubt about acceptable use of sources, please ask.

Correct citations are one of the most important elements in avoiding plagiarism. When you use a source in a memo, make sure to both include in-text citations and create a bibliography using either the **APA formatting style** or **Chicago Author-Date formatting style**.

5 Math Preparation

In order to succeed in RPAD 503, you will need to feel confident doing algebraic problems. As a prerequisite, you should ensure that you can solve problems of the following sort:

1. $2x = 3x + 10 - 2(x - 1)$
2. $3x + 2y = 7$; $y = 2x + 14$
3. $-2 = \frac{\frac{15-10}{10}}{\frac{P-4}{4}}$
4. $\frac{3}{x} = x$

You should be able to graph lines in $y = a + bx$ form, and know what a slope is and what a y-intercept is.¹

If you would like to review this material, you might consider the math refresher recommended for MPA Welcome Week: Bleau, Clemens, and Clemens (2013), *Forgotten Algebra*, 4th Edition. While the tone is aimed at a younger demographic, you may also find helpful the Khan Academy's online videos about solving equations (<https://www.khanacademy.org/math/cc-eighth-grade-math/cc-8th-solving-equations>) and solving systems of equations (<https://www.khanacademy.org/math/cc-eighth-grade-math/cc-8th-systems-topic>).

¹Solutions: 1. $x = 12$; 2. $x = -3$; $y = 8$; 3. $p = 3$; 4. $x = \sqrt{3}$. The slope is b; the y-intercept is a; you should understand that the slope is the change in y over the change in x, and that the y-intercept is the value of the function when $x=0$, that is, the starting point when you draw a line.

6 Schedule

Please check the academic calendar for dates regarding adding, dropping, and withdrawing from the course: <http://www.albany.edu/registrar/spring-2019-academic-calendar.php>. Below, UM refers to the University of Minnesota text and CI refers to the Curtis and Irvine text.

Week	Topic	Due	Readings and Videos
1/23	Introduction	Forum #0 Quiz #0 (Ungraded)	Syllabus CI Sections 1.1, 1.2, 1.3 Video: Welcome to RPAD 503
1/30	Supply, Demand, and Equilibrium	Forum #1 Quiz #1	UM Chapters 3 and 4 Cummings, Holt, and Laury. 2003. "Using Laboratory Experiments for Policy Making: An Example from the Georgia Irrigation Reduction Auction." [OPTIONAL]: Weinberg, Reading Guide to Cummings et al.
2/6	Elasticity	PSet # 1 (Individual) Quiz #2	UM Chapter 5 KSG Case 1776.0. "The Coffee Crisis." Karlan and Zinman. 2008. "Credit Elasticities in Less-Developed Economies: Implications for Microfinance." <i>American Economic Review</i> 98 (3): 1040-1068.
2/13	Taxes and Efficiency	Forum #2 Quiz #3	UM Section 6.2 CI Sections 5.1, 5.2, 5.3, 4.7 Kenkel, 2005, "Are Alcohol Tax Hikes Fully Passed through to Prices? Evidence from Alaska," <i>American Economic Review</i> 95(2): 273-276 [OPTIONAL]: Weinberg, Handout on Tax Wedges and Social Surplus
2/20	Production in the Short Run	Memo # 1 (Team) Quiz #4	UM 8.1 only read intro and starting at "costs in the short run", 9.2 KSG Case 1273.0. "Casco Bay's Ferries."

Week	Topic	Due	Readings and Videos
2/27	Production in the Long Run	PSet #2 (Team) Quiz #5	UM 8.2 starting at “costs in the long run”, 9.3 [OPTIONAL]: Weinberg, Handout on Production in the Long Run Reyes. 2007. “Reaching Equilibrium in the Market for Obstetricians and Gynecologists.” <i>American Economic Review</i> 97 (2): 407-411. Federman, Harrington, & Krynski. 2006. “The Impact of State Licensing Regulations on Low-Skilled Immigrants: The Case of Vietnamese Manicurists.” <i>American Economic Review</i> 96 (2): 237-241.
3/6	MIDTERM EXAM		
3/13	Economic Justice and Regression	Forum #3 Quiz #6	UM Chapter 19, CI 2.2 KSG Case 1328.0. “A Money-Losing Public Monopoly Faces a Competitive Threat: The New York City Transit Authority and the ‘Dollar Vans’.” [OPTIONAL]: Weinberg, Handout on Regression Analysis
3/20	SPRING BREAK		
3/27	Poverty and Inequality	Forum #4 Quiz #7	Karlan and Appel. 2011. “More than Good Intentions: How a New Economics Is Helping to Solve Global Poverty.” Chapter 1: The Monks and the Fish. Asiedu, Freeman, and Nti-Addae. 2012. “Access to Credit by Small Businesses: How Relevant are Race, Ethnicity, and Gender?” <i>American Economic Review</i> 102 (3): 532-537. Chetty, Hendren, Kline, Saez, and Turner. 2014. “Is the United States Still a Land of Opportunity? Recent Trends in Intergenerational Mobility.” <i>American Economic Review</i> 104 (5): 141-147.

Week	Topic	Due	Readings and Videos
4/3	Market Power	PSet #3 (Individual) Quiz #8	<p>UM Chapters 10 and 11</p> <p>Reiffen & Ward. 2005. “Generic Drug Industry Dynamics.” <i>Review of Economics and Statistics</i> 87 (1): 37-49. Skim Only (Abstract, Introduction, Tables, Conclusion).</p> <p>Pollack. 2016. “Mylan Raised EpiPen’s Price Before the Expected Arrival of a Generic.” <i>New York Times</i>, August 24. Available at goo.gl/P830Mp.</p>
4/10	Externalities and Public Goods	Forum #5 Quiz #9	<p>UM Section 6.3; CI Section 5.5</p> <p>Walsh. 2006. “Union Square Park: From Blight to Bloom.” <i>Economic Development Journal</i> (Spring): 38-46. Leape. 2006. “The London Congestion Charge,” <i>Journal of Economic Perspectives</i>, 20(4): 157-176.</p>
4/17	Solutions to Externalities: Pollution Control	Memo # 2 (Individual) Quiz #10	<p>UM Chapter 18</p> <p>KSG Case 1514. “Cleaning up the ‘Big Dirties’: The Problem of Acid Rain” (pp. 1-6). The Section “Greens Eye the Market” (pp. 9-11).</p> <p>Mankiw “Smart Taxes: An Open Invitation to Join the Pigou Club.” Skip “Related Externalities” and “Energy Independence” (pp. 19-21).</p> <p>Marron and Toder. 2014. “Tax Policy Issues in Designing a Carbon Tax.” <i>American Economic Review</i> 104 (5): 563-568. Skip Sections IIB, IIC.</p>
4/24	Asymmetric Information	Forum #6 Quiz #11	<p>Handout on Asymmetric Information.</p> <p>Chandra, Gruber, and McKnight. 2011. “The Importance of the Individual Mandate: Evidence from Massachusetts.” <i>The New England Journal of Medicine</i> 364 (4): 293-295.</p>
5/1	Strategic Games	Forum #7 Quiz #12	<p>Axelrod, Robert. The Evolution of Cooperation. Chapter 1.</p> <p>Cassidy, John. 2015. “The Triumph (and Failure of John Nash’s Game Theory.” <i>The New Yorker</i>, May 25.</p> <p>Skyrms, Brian. 2004. <i>The Stag Hunt and the Evolution of Social Structure</i>. Cambridge, UK: Cambridge University Press. Chapter 1.</p>

Week	Topic	Due	Readings and Videos
5/8	Markets or Government?	PSet # 4 (Team) Quiz #13	Roberts. <i>The Price of Everything</i> (Whole Book)
5/15	FINAL EXAM		

7 NASPAA Competencies

How does RPAD 503 fit into the NASPAA competencies discussed in RPAD 507?

Competency 1: Ability to lead and manage in public governance

We will discuss principles relevant to managing public resources, especially during the topic of “public goods.”

Competency 2: To participate in and contribute to the policy process

A major course theme is evaluating the strengths and weaknesses of using market and non-market mechanisms to achieve policy goals. We will also practice reading professional economics articles and extracting relevant information from real-world studies.

Competency 3: To analyze, synthesize, think critically, solve problems, and make decisions

Most of what we do in this course falls into this category. Of the specific items listed in the 507 guidelines, we pay particular attention to:

- Evaluating the equity and efficiency implications of policy options
- Assessing the positive and negative implications of policy options (especially the ways in which policies can incentivize actors to change their behavior)
- Assessing the significance of problems and solutions (especially vis-à-vis market forces)
- Differentiating between short- and long-term problems and solutions (especially the ways that markets evolve over time)

Competency 4: To articulate and apply a public service perspective

The course will discuss trade-offs of using public and private mechanisms to achieve policy goals. We will consider the distributional impacts of economic policies across different types of constituents, especially in memo 2.

Competency 5: To communicate and interact productively for a diverse community

Students will write analytical memos and frequently work collaboratively in teams.

~I would like to thank Professor Stephen Weinberg for his work designing much of this class and syllabus, from which I have shamelessly borrowed.~