

Draft Subject to Change

PA 5021, Spring 2018

Economics for Policy Analysis and Planning I

Lecture: Tuesday and Thursdays, 5:45-7:00 PM, HHH 184

Discussion: Thursdays, 7:15-8:30pm,

Professor Audrey Dorélien

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by appointment

Office: HHH 234

Professor Angela R. Fertig

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Office Hours: Tuesdays, 10-11am, or
by appointment

Office: HHH 261

Teaching Assistant: Jared Swanson

Email: swan2223@umn.edu

Office Hours: TBD

CLASS FORMAT AND WORKLOAD

Lectures will occur twice a week on Tues/Thurs from 5:45 to 7:00 pm. Lectures will cover material similar to the textbook and will go into more detail in certain areas and cover topics the textbook misses. There will be plenty of opportunities for questions and some in-class problems and exercises. The majority of the in-class exercises will be done in groups. During half of the lecture sessions there will be short memo presentations. The class lectures are reinforced with homework problem sets and policy memos. Printed slide handouts will be provided to you at each class and posted on the Moodle site for note-taking.

Discussion sections will occur once a week on Thursdays from 7:15 to 8:30 pm. Discussion sections will focus on reviewing concepts that the class finds difficult and going over practice problems. Please let your TA know if there are specific concepts you would like covered.

You should be prepared to spend about **6-9 hours per week** outside of the class time on this course.

PREREQUISITES

PA 5021 is taught at an intermediate microeconomics level. If you have never taken an economics class before or if it has been a while, you should be sure to go through the Humphrey's School Foundation for Success Online Econ and Math Review.

OBJECTIVES

The primary objective of this course is to improve your ability to apply microeconomic reasoning to public issues, policies and programs. We will study the forces of supply and demand that determine prices and the allocation of resources in markets for goods and services, markets for labor, and markets for natural resources. The focus is on how and why markets work, why they may fail to work, and the policy implications of both their successes and failures. We will develop the basic tools of microeconomic analysis and then apply those tools to topics of policy interest such as pollution control, competition policy, health care, international trade policy, income distribution, tax policy, and the role of government in a market economy.

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This course is intended for masters' students in public affairs and planning. It will help you develop quantitative skills that are essential to assess the impacts of public policies. We will focus on skills such as understanding the algebraic representation of graphs, solving for numerical solutions and working with elasticities to predict the impact of shifts in supply and demand curves. Since some of this material may be new to you, we will reinforce classroom lectures with problem sets and policy memos based on published articles.

COURSE REQUIREMENTS

Class Participation (5%)

You will be graded on your participation in lecture and discussion. Participation includes attendance at lectures and discussion sections, coming prepared to discuss the course material and relevant current events, active participation (by asking and responding to questions), and respect shown to peers and instructors.

Homework problem sets (10%)

You will receive problem sets regularly throughout the semester (8 total). They will be posted on Moodle on Tuesdays and due by the following Monday in class. Please type your problem sets and turn in a printed copy at the beginning of lecture. Problem sets are graded by TA with check, check minus, or check plus. The problem sets are important to your learning and will be the best way to absorb the material and prepare for the exams. **I strongly recommend that you work in small groups and/or check your work with other classmates but everyone must submit their own completed problem set.**

Short memo and presentation (15%)

Students will work in groups that will be determined at the beginning of the semester. Each group will prepare a presentation for an in-class discussion on a policy or decision-making issue. Presentations will be based on your use of relevant economics tools and your informed opinions. In addition, each member of the group will write an individual memo - no longer than three pages double spaced- that summarizes his or her position on the issue. The memo will be due by noon the day of in-class discussion.

Midterm Exams (Two at 20% each, total midterms are 40% of final grade)

The in-class exams will cover material presented in lecture, discussion, problem sets, and in the policy memo discussions. Exams will test concepts developed in class, as well as your ability to analyze and solve problems similar to those in your problem sets. I will give you sample test questions with answers to help you prepare for each exam. **Midterm exams will be held during class and discussion section.**

Final Exam (30%)

The final exam will be the same format as the in-class exams and problem sets. It will be cumulative, although more heavily weighted towards the material in the final part of the course. The final exam is scheduled according to the University's **Final Exam Calendar and will be held on Tuesday, May 8, 5:45 – 7:45pm.**

Professor Dorélien will primarily lecture in the first half of the semester and Professor Fertig will lecture during the second half of the semester. All problem sets and exams were jointly created by both professors to ensure consistency. The professors will work together to determine the final grades.

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REQUIRED TEXT

We will make extensive use of the following textbook:

Austin Goolsbee, Steven Levitt, and Chad Syverson (2012), *Microeconomics*, 1st edition, Worth Publishers

Please make sure you get the correct edition of this book. There is a newer 2nd edition but I wanted to make sure you could buy the book used if you want to.

Additional readings, PowerPoint slides and handouts will be available on Moodle.

COURSE OUTLINE

The following outline is an approximate class schedule. Chapters indicated below are in the Goolsbee textbook. At times, the class will move somewhat faster or slower than indicated on the schedule. However, we will still hold the exams on dates shown below.

Week	Date	Topic	Reading	Discussion Session	Problem Sets Due	Memo Due
1	16-Jan	Course Introduction	Ch. 1			
	18-Jan	Supply and Demand	Ch. 2	Math Review		
2	23-Jan	Elasticities	Ch. 2		PS 1	
	25-Jan			Elasticities Formulas	(Math Review)	
3	30-Jan	Using Supply and	Ch. 3			
	1-Feb			PS 2 Discussion		
4	6-Feb	Minimum Wage	articles		PS 2	Rent Control
	8-Feb	International Trade	articles	PS 3 Discussion		Trade
5	13-Feb	Consumer Behavior	Ch. 4		PS 3	
	15-Feb			Review of Utility functions		
6	20-Feb	Individual/Market	Ch. 5			
	22-Feb			Midterm 1 Review	PS 4	
7	27-Feb	Midterm 1 during session				
	1-Mar	Producer Behavior	Ch. 6	Producer Behavior Cont'd		
8	6-Mar	Costs	Ch. 7			
	8-Mar			Discuss Exam Solutions		
Spring Break !!						
9	20-Mar	Supply in Competitive	Ch. 8			
	22-Mar			PS 5 Discussion		
10	27-Mar	Monopolies	Ch. 9		PS 5	Net Neutrality
	29-Mar			PS 6 Discussion		
11	3-Apr	Pricing Strategies	Ch. 10		PS 6	
	5-Apr			Midterm 2 Review		
12	10-Apr	Midterm 2 during session				
	12-Apr	Imperfect Competition	Ch. 11	Imperfect Comp.		
13	17-Apr	Externalities & Public	Ch. 16			Pollution
	19-Apr				PS 7	
14	24-Apr	Asymmetric Information	Ch. 15			Health Care
	26-Apr			PS 8 Discussion		
15	1-May	Game Theory	Ch 12		PS 8	
	3-May	Final Review				
FINAL EXAM MAY 8 5:45-7:45 PM						

POLICIES

Grading

The exams grades will be based on a “curve”. I don’t use a curve where you compete against your classmates. I use a curve that adds points to everyone’s grades but bumps those at the bottom more than those at the top. After each exam, I will give you an estimate of your grade with the curve; however in the calculation of final course grades I will curve at the end, not each individual exam.

Late and Missed Assignments and Exams

If you have to miss an exam for a justifiable reason, you need to let me know as soon as possible. The make up exam will need to be scheduled within a few days of the original exam date. If your absence from an exam is not justified, you will receive a grade of zero. Late assignments are not accepted.

Academic Misconduct

Students found to be guilty of academic misconduct will receive an F for the assignment or exam and may receive an F for the course. Serious cases of academic misconduct may necessitate the involvement of higher levels of the university administration. Academic misconduct includes cheating on problem sets or exams, or plagiarism. Students may work together on problem sets, but each student should write their own problem set.