

## **PUAD 670 002 Economics for Policy Analysis**

Instructor: Bradley L. Hardy

T: 5:30 – 8:00 PM

Ward 107

Fall 2013

Office: Ward 343

Office Hours: Wednesday 11:30 AM-2 PM or by appointment

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\*Instructor reserves the right to change any and all of the requirements below. Students will be alerted to any changes in the syllabus.

### **Course Objectives and Learning Outcomes**

As part of the core sequence within the American University Master of Public Policy program, this course will offer a rigorous development of foundational concepts in microeconomics. We will consider the tools of microeconomic theory used to model individual consumer behavior and the behavior of firms. We will examine how markets work and how supply and demand interact to determine prices. We will also examine the benefits and consequences of taxes and government programs in a market economy.

After completing this course successfully, students will understand basic microeconomic principles and their applicability to real world situations involving consumers and producers. They will be able to apply tools of economic analysis to assess the impacts of government policies in a market economy on a range of economic and social outcomes. These include, but are not limited to tax policies, transfer program policies, and labor market policies. Students should be able to use microeconomic theory as a framework for evaluating a range of real-world policy alternatives.

### **Reading Requirements and Course Materials**

Thomas J. Nechyba. 2011. *Microeconomics: An Intuitive Approach*. 1<sup>st</sup> Edition, South Western Cengage Learning.

ISBN13: 978-0-324-27470-7

ISBN10: 0-324-27470-X

In addition to the required course textbook, readings may be assigned from academic journals, policy analyses, and news articles. Students will be responsible for material covered through assigned readings as well as course lecture content. Lecture content will include, but not be limited to, material found in the official course text.

Students are expected to bring writing instruments, paper, and calculators to class and to examinations. Cell phone calculators are prohibited for use on in-class examinations.

## Course Requirements and Evaluation

Coursework and class announcements will be given via Blackboard, AU email, or class meetings. Students are responsible for:

- I. In-class assignments and participation (10%) – Students may be given in-class questions to be submitted for credit during class. Students should prepare for in-class questions by reading ahead per the course outline, making use of tutors and instructor office hours, and contacting instructor by email. Students are expected to participate in class discussions by contributing questions, comments, and listening respectfully to all class participants.
- II. Problem Sets (10%) – Four homework problem sets will be assigned throughout the semester. These assignments are based upon assigned reading and lecture material.
- III. Short policy paper (10%) – This assignment will require students, in small groups, to assume the role of analysts by applying microeconomic principles to a public policy problem. The end product will be a short policy paper and presentation to the class.
- IV. Exam #1 (20%).
- V. Exam #2 (20%).
- VI. Final Exam (30%) – A cumulative final examination will be administered.

## Evaluation Criteria

Your grade for the course will be determined on the following scale:

A	93-100
A-	90-92
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	73-76
C-	70-72
D	60-69
F	Below 60

In-class and problem set assignments will receive a grade of ✓, ✓-, or 0. A score of ✓ is worth 100%, a score of ✓- is worth 70%. A score of 0 will be assigned to those who miss the assignment. Students will receive a grade of ✓ for work that is clearly written, organized, and demonstrates a diligent effort to produce correct solutions. Work meriting a ✓- typically contains a preponderance of incorrect/missing solutions and/or is poorly written and disorganized. The lowest grade for in-class assignments will be dropped, and the lowest grade for problem sets will be dropped. Thus, *there are no make-ups provided for late or missing in-class assignments or problem sets. For the policy paper, late submissions will not be accepted.*

## Important Dates

Tuesday August 27, 2013 – First day of class  
Tuesday October 1, 2013 – Examination 1  
Tuesday November 12, 2013 – Examination 2  
Tuesday December 3, 2013 – Policy Papers Due. In-class presentations  
Tuesday December 10, 2013 – Final Examination (5:30 – 8:00 PM)

## Description of Course Requirements

**In-class Assignments and Homework Problem Sets:** In-class assignments are due during the class meeting when administered, and problem sets are due by the date on the course outline at the beginning of the class meeting, unless otherwise noted. Every student must submit their own individual problem set for credit. Some in-class assignments may be completed and submitted in groups, whereas others will be completed individually.

The purpose of in-class assignments and homework is to reinforce concepts introduced during the lecture and in the readings. Students are encouraged to collaborate with classmates on out-of-class homework, with the expectation that they are acquiring the necessary understanding of the material. The lowest in-class assignment and problem set grades will be dropped. *Thus, there are no make-ups provided for late or missing assignments.* Grades are based on the marking system described above under “Evaluation Criteria.” At the discretion of the instructor, a subset of randomly selected exercises will be graded for credit.

**Examinations:** Students are expected to adhere to American University policies regarding excused absences for course examinations. Make-up examinations are given only for excused absences or if the student has obtained the instructor’s approval. Make up examination format and questions may differ from the original examination, though the content covered will be equivalent. Examinations are to be completed independently, without consulting any outside sources. Students contesting exam grades must see instructor during office hours or by appointment to discuss concerns. Students re-submitting exams for re-grading are allowing the *entire* exam to be re-graded – with the possibility of a final grade lower *or* higher than before. Cell phone calculators are prohibited for use on in-class examinations.

**Class Participation:** Class discussions and participation will be an important part of this course. Discussion should take place on the academic plane of reasoned argument and relate topics and current events to economic evidence and theory. Students have the right to take reasoned exception - and to voice opinions contrary - to those offered by the instructor and/or other students. Equally, the instructor will work to ensure that all academic discourse occurs in a context characterized by respect and civility. At a minimum, the accepted level of discourse will not include attacks of a personal nature or statements denigrating another on the basis of race, sex, religion, sexual orientation, age, national/regional origin or other such irrelevant factors. Also, while the use of computers and other word-processing devices is permitted during class, such technology should only be used for note-taking and other class-related purposes. Thus, students should not engage in technology use that may cause a distraction, including internet use unrelated to class activities.

**Recording and distribution of course content:** Recording of any content from this class is prohibited unless you have instructor's explicit written authorization; this prohibition includes recordings (audio and/or visual) made with so-called "smart pens," mobile devices, computers, or any other means. Students who require accommodations that would include the need to tape classes must provide a letter from the American University Academic Support & Access Center documenting the need for these accommodations. Likewise, course material, including but not limited to course notes and homework solutions, is not to be distributed and is protected by U.S. copyright laws. This includes course material posted to the class Blackboard webpage.

### **Academic Integrity**

Students are expected to adhere to policies and procedures specified in American University's handbook on academic integrity (<http://www.american.edu/academics/integrity/>). Students should complete work independently on midterm and final examinations. In many instances, collaboration will be permitted on in-class and out-of-class assignments. This is an opportunity to engage in productive group-oriented work, where all individuals benefit via gains from trade across various skill-sets. For your benefit, be sure you understand the material throughout the semester and seek out assistance through the instructor or the course tutor should difficulties arise. Students suspected of cheating will be referred to the SPA Dean's office for adjudication.

**From the American University Academic regulations (80.00.00) Academic Integrity Code section .01:** "By enrolling at American University and then each semester when registering for classes, students acknowledge their commitment to the Code. As members of the academic community, students must become familiar with their rights and their responsibilities. In each course, they are responsible for knowing the requirements and restrictions regarding research and writing, examinations of whatever kind, collaborative work, the use of study aids, the appropriateness of assistance, and other issues. Students are responsible for learning the conventions of documentation and acknowledgment of sources. American University expects students to complete all examinations, tests, papers, creative projects, and assignments of any kind according to the highest ethical standards, as set forth either explicitly or implicitly in this Code or by the direction of instructors."

### **Academic Resources**

Students experiencing difficulty with course-related concepts should utilize resources in place to facilitate better understanding of the material. The department has tutors available for PUAD 670 throughout the week during the Fall 2013 semester. Also, the instructor will be available during office hours and by appointment to answer course-related questions.

**Academic Support & Access Center:** Graduate students can also receive assistance with their coursework through the Academic Support & Access Center within the Office of Campus Life in room 243 of the Mary Graydon Center. The phone number is (202) 885-3360.

**Disability Resources:** If you believe you have a disability requiring an accommodation, you can also contact the Academic Support & Access Center in room 243 of the Mary Graydon Center. The phone number is (202) 885-3360.

## Course Outline

**Note: This outline is a general plan for the structure of the course. Instructor reserves the right to revise elements of the course outline & syllabus as necessary. Students will be informed of changes made to the syllabus.**

- I. Week 1 Tuesday August 27  
Introduction to Microeconomics; A Consumer's Economic Circumstances  
Reading: Chapters 0, 1, 2
- II. Week 2 Tuesday September 3  
A Consumer's Economic Circumstances; Economic Circumstances in Labor & Financial Markets  
Reading: Chapters 2, 3
- III. Week 3 Tuesday September 10  
Tastes & Indifference Curves; Different Types of Tastes  
Reading: Chapter 4; Chapter 5
- IV. Week 4 Tuesday September 17  
Reading: Tastes & Optimization  
Reading: Chapter 6  
*Problem Set 1 due*
- V. Week 5 Tuesday September 24  
Income & Substitution Effects in Consumer Goods Markets  
Reading: Chapter 7
- VI. Week 6 Tuesday October 1  
*Exam 1 (Chapters 1-6)*
- VII. Week 7 Tuesday October 8  
Wealth & Substitution Effects in Labor/Capital Markets; Consumer Demand & Labor Supply  
Reading: Chapters 8, 9
- VIII. Week 8 Tuesday October 15  
Consumer Welfare & Deadweight Loss  
Reading: Chapter 10  
*Problem Set 2 due*
- IX. Week 9 Tuesday October 22  
Short-Run & Long-Run Production  
Reading: Chapters 11, 12

- X. Week 10 Tuesday October 29  
Long-Run Production; Short & Long Run Costs  
Reading: Chapters 12, 13.1  
*Problem Set 3 due*
  
- XI. Week 11 Tuesday November 5  
Competitive Equilibrium; First Welfare Theorem  
Reading: Chapters 14, 15
  
- XII. Week 12 Tuesday November 12  
*Exam 2 (Chapters 7-13.1)*
  
- XIII. Week 13 Tuesday November 19  
Price Distortions in Competitive Markets  
Reading: Chapters 18, 19
  
- XIV. Week 14 Tuesday November 26  
No Classes – Thanksgiving Holiday  
Reading: Chapter 19; Review course content
  
- XV. Week 15 Tuesday December 3  
Price Distortions in Competitive Markets  
Reading: Chapter 19; Review course content  
*Policy Paper Presentations*  
*Problem Set 4 due*
  
- XVI. Week 16 Tuesday December 10  
*Final Examination*  
5:30 – 8:00 PM