

PMAP 8141: Microeconomics for Public Policy

Spring 2016

Andrew Young School of Policy Studies, Georgia State University

1. Administrative Information

Instructor : Rahul Pathak
Time : Wednesdays, 7.15 PM – 9.45 p.m.
Location : Sparks Hall 327
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2. Course Objectives

This course provides an analytic foundation for public management and policy analysis based on microeconomic theories. There are several specific goals for students taking this course:

- (1) to understand microeconomic concepts involved in public policy and management, and the basic mechanisms in the market economy;
- (2) to be able to apply economic reasoning to public policy issues;
- (3) to understand different market forms and be able to define market failures: public goods, externalities, and asymmetric information;
- (4) to understand various government programs, especially social security, insurance, and taxation.

To achieve these goals, we will first learn basic microeconomic concepts of Prices and Markets, Demand Theory, and Production and Cost Theory. We will then examine firm behaviors under perfect competition. Next, we will identify instances and circumstances of market failures. We will also discuss policy applications of key concepts.

We will mostly discuss the concepts and rationales in intuitive ways and by using graphs, although math will be utilized to explain certain topics.

3. Course Format

Class sessions will be a mixture of lectures and discussions. All course materials and information about assignments will be available on the D2L website. Students are expected to read materials uploaded on D2L and the assigned textbook. Student attendance is mandatory. All students are expected to attend the lectures and come to class on time. If students do come to class late for any reason, they should enter the classroom and take their seats quietly. It is recognized that students may be unable to attend class as a result of observance of recognized religious holidays of the student's faith, serious illness, or family emergencies. In such cases, students are responsible for the missed material, and are encouraged to obtain class notes from fellow students.

4. Course Materials

Textbook (Required)

Pindyck, Robert S. and Daniel L. Rubinfeld. 2013. *Microeconomics* (Eighth edition). Upper Saddle River, NJ: Prentice Hall. (Referred to as P&R)

(Older editions of the book are also acceptable, but students will be responsible for checking the updates)

*Additional Readings: **

Gruber Jon. *Public Finance and Public Policy*. 2012. Worth Publishers. New York. (Fourth Edition)

Coase R.H. (1960) The Problem of Social Cost. *Journal of Law and Economics*. Volume 3. pp. 1-44

Akerlof G.A. (1970) The Market for Lemons: Quality Uncertainty and the Market Mechanism. *The Quarterly Journal of Economics*. Volume 84 No. 3 pp.488-500

*Additional readings will be provided on D2L. Other readings may be assigned as needed.

5. Grading

The point breakdown for your performance in this course is as follows:

Class Participation	10%
Midterm Exam	25%
Problem Set 1	15%
Problem Set 2	20%
News Analysis Assignment	10%
Microeconomics based policy project	20%

This course uses plus-minus grading. Grades will be assigned as follows:

A+	:	97.00 -100.00
A	:	93.00 -96.99
A-	:	90.00-92.99
B+	:	87.00-89.99
B	:	83.00-86.99
B-	:	80.00-82.99
C+	:	77.00-79.99
C	:	73.00-76.99
C-	:	70.00-72.99

6. Course Schedule

No.	Date	Topic	Assignments Due
1	January 13	Course Overview	
2	January 20	Markets and Prices ○ P & R Chapter 1 and 2	
3	January 27	Demand Theory-1 ○ P & R Chapter 3 and 4	
4	February 3	Demand Theory-2 ○ P & R Chapter 3 and 4	
5	February 10	Decision Making under Uncertainty ○ P & R Chapter 5	
6	February 17		Midterm exam
7	February 24	Production and Cost Theory ○ P & R Chapter 6 and 7	
8	March 2	Competition and Efficiency-1 ○ P & R Chapter 8 and 9	
9	March 9	Competition and Efficiency-2 ○ P & R Chapter 8 and 9	
10	March 16	Spring Break	
11	March 23	Market Failure I: Non Competitive Markets ○ P & R Chapter 10 and 12.1	Problem Set 1 Due
12	March 30	Market Failure II: Public Goods and Externalities ○ P & R Chapter 18 ○ Gruber, Chapter 7 ○ Coase, 1960 (optional)	
13	April 6	Market Failure III: Asymmetric Information ○ P & R Chapter 17 ○ Akerlof, 1970 (optional)	
14	April 13	Policy Project Presentations	Problem Set 2 Due
15	April 20	Policy Project Presentations	News Analysis Due
16	April 27		Policy Project Due

7. Important Things:

- **Late Submission:** Course assignments are expected to be submitted to the instructor *by the beginning* of class on the day the assignment is due. Any work submitted after the assigned due date will be subject to a penalty of 10 percentage points per day.
- **Grammarly:** All the students in the university can register on www.grammarly.com. It is advisable that you conduct a preliminary check of your assignments for any possible grammatical mistakes.
- **Academic Honesty:** Students are reminded of the University Policy on Academic Honesty, found in section 409 of the *Faculty Handbook*: [<http://www2.gsu.edu/~wwwfhh/fhb.html>]. Use of uncited material copied directly from any source, including the Internet, will result in a significant grade reduction or a failing grade on the assignment.
- **No cell phones and texting in class!!!**
- **Attendance:** Attendance at every class session is mandatory. Unexcused absences will be reflected in the final grade. The same policy applies to arriving late or leaving early. Active participation in class discussions includes coming to class prepared to discuss the week's reading assignment. GSU class attendance policy suggests a guideline of 15% [2 classes] for determining an excessive level of absence. <http://codeofconduct.gsu.edu/files/2013/03/2013-14-Student-Code-IV.F.-Policy-on-Class-Attendance.pdf>
- **Withdrawal:** Students wishing to withdraw from the course must officially withdraw prior to the mid-point date of the semester as established by the University in order to avoid being given a grade of WF.
- **Syllabus Modifications:** The course syllabus provides a general plan for the course; deviations may be necessary.
- **Evaluation of Instructor:** Your constructive assessment of this course plays an indispensable role in shaping education at Georgia State. Upon completing the course, please take the time to fill out the online course evaluation.
- **Disability Accommodation:** Students who wish to request accommodation for a disability may do so by registering with the Office of Disability Services. Students may only be accommodated upon issuance by the Office of Disability of a signed Accommodation Plan and are responsible for providing a copy of that plan to instructors of all classes in which accommodations are sought.