

# RPAD 503: Principles of Public Economics

Fall 2022 Course Syllabus (3 Credits)

Asynchronous Online

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How do markets allocate resources in an economy? What are the key rationales for governments to intervene in the economy? What are the tradeoffs between efficiency and equity? This class surveys microeconomic theory, with particular emphasis on principles most relevant for government and applications to policy or management. The first part of the course explores markets and their efficiency at allocating resources – under perfect conditions. The second part of the course explores the ways that markets can fail, and considers possible government interventions to solve these failures.

*Note. Students with substantial economics background (such as one graduate micro course or two advanced undergraduate micro courses) should confer with the instructor about possibly waiving RPAD 503.*

## Course Materials

This course uses Open Educational Resources. The main course texts are listed below:

1. [UM] Principles of Economics, University of Minnesota Libraries Publishing, eLearning Support Initiative.
2. Robert Russell. *The Price of Everything: A Parable of Possibility and Prosperity*. Available as a paperback book or for free from UAlbany Library as an e-book.

Other readings, or links to readings, will be posted to Blackboard.

## 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 and problems facing civil servants on a daily basis.

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## Course Policies

**Wellness.** The wellbeing of students, to me, takes higher priority than academic expectations. Please speak to me if you are struggling to meet course deadlines or if something comes up in your personal or professional life that requires you to miss class or assignments. I will work with you to develop accommodations. I also encourage you to use campus resources if needed:

- Mental health: [Counseling and Psychological Services](#).
- Food insecurity: [Purple Pantry](#)
- Sexual violence: [Advocacy Center](#)
- Financial hardship: [Student Emergency Fund](#)
- Accommodations: [Disability Resource Center](#)

## 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 and assignments, with hyperlinks to each item,
- A calendar of upcoming assignment deadlines, and
- An “Ask a Question” forum for students to ask questions regarding content or logistics.

**Office hours.** For help with course concepts and assignments, both the teaching assistant and instructor will be available for regular in-person office hours. The TA will hold drop-in office hours on Wednesday from 4 to 6 pm ([Link](#)). Lucy Sorensen will hold her office hours every Tuesday and Friday afternoons from 3 to 6 PM by [appointment](#). If you cannot find a time on the booking website that works for you, email me to find an alternative time to meet.

What are office hours and why should you go?

## Grading Practices

**Late work.** There may come a time in the semester where you simply cannot meet a deadline. Each student may use a single “**late pass**” during the semester for a single individual problem set or individual memo. This allows you to turn in the assignment up to one week late. You do not need to provide a reason, but you should notify the teaching assistant that you are using your late pass that week.

For all other assignments, after the specified deadline, the assignment is considered late and 10 points are deducted from the final score. Each additional week 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 an error has been made in the grading of your assignment, you may make a written appeal describing why you think the grade should be changed. To be considered, this appeal should be emailed to the instructor and TA *within one week* of receiving your assignment back. On review, your grade may be lowered, increased, or remain the same.

**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 assignments 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. You acknowledge whom you worked with on the front page of the assignment.

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

## University Policies

**Accommodations.** We are committed to providing an accessible learning environment for all students. This includes students with physical, sensory, medical, cognitive, learning, mental health, and other disabilities. If you have, or think you may have a disability, please contact Disability Access and Inclusion Student Services (DAISS) by emailing [daiss@albany.edu](mailto:daiss@albany.edu) or calling 518-442-5501. DAISS staff will explain the documentation and registration process, and set you up with an appointment. Once you have completed registration, you will be provided with a letter to inform your instructors that you are a student with a disability registered with DAISS, and which lists the recommended reasonable accommodations for your courses.

**Absence due to religious observance.** Students are excused, without penalty, to be absent because of religious beliefs, and will be provided equivalent opportunities for make-up examinations, study, or work requirements missed because of such absences. Students should notify the instructor of record in a timely manner, and the instructor will work directly with students to accommodate religious observances. Online courses will not schedule any assignment deadlines on religious holidays.

**Academic integrity.** Statement of conformance to University academic integrity expectations and regulations, along with reference to policy and resources available (below).

Graduate Bulletin: [/www.albany.edu/graduatebulletin/requirements\\_degree.htm#standards\\_integrity](http://www.albany.edu/graduatebulletin/requirements_degree.htm#standards_integrity)

Undergraduate Bulletin: [https://www.albany.edu/undergraduate\\_bulletin/regulations.html](https://www.albany.edu/undergraduate_bulletin/regulations.html)

Information provided by the university libraries: <http://library.albany.edu/infolit/integrity>

**Incomplete grades.** This is a temporary grade requested by the student and assigned by the instructor only when the student has nearly completed the course requirements but because of

circumstances beyond the student's control the work is not completed. Please see the [graduate bulletin](#) for university policies regarding incomplete grades.

## Course Assignments

### Grading Overview

Your grade will comprise of a weighted average of all assignment grades, with the breakdown specified in the table below.

Component	Description	Percent
Problem Sets	(1 team & 2 individual assignments, 10% each)	30
Memos	(1 team & 1 individual assignment, 10% each)	20
Quizzes	(7 quizzes, 2% each)	14
Discussion Forums	(5 forums, 2% each)	10
Midterm Exam	(Open book assessment)	10
Final Exam	(Cumulative open book assessment)	16
Total		100

A student's final grade will be calculated as the sum of the elements above. These numerical final grades will then be converted (*without rounding*) to a final letter grade as follows:

Percent Grade	Letter Grade
93-100	A
90-93	A-
87-90	B+
83-87	B
80-83	B-
77-80	C+
70-77	C
60-70	D
Below 60	E

### Problem Sets (30%)

For this course you will be assigned three problem sets, one to turn in as a team and two to turn in individually. These problem sets will be primarily quantitative. You should expect to spend approximately 6-10 hours on each problem set. You may use a single "late pass" on an *individual* problem set during the semester to take an additional week to submit the assignment without penalty. (See above in course policies).

### Memos (20%)

There will be two analytical memos to be prepared with your team or as an individual in which you discuss how to apply course principles and economic analyses to specific case studies. These memos will take a somewhat different form and length than the decision memos assigned in

other MPA courses. Sample memos and a grading rubric for memos will be provided to students. You may use a late pass for the individual memo assignment, but not the team memo.

### **Reading Quizzes (14%)**

Most weeks, students will take a short quiz on Blackboard based on the assigned readings for that week. Each quiz is 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 7 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 or quiz one week, it will not be detrimental to your grade. If you are encountering technical difficulties, please contact Blackboard help to figure out how to fix the issue.

### **Discussion Forums (10%)**

Online participation is an important 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 initial deadline;
2. Read posts of all classmates in your assigned discussion group;
3. Comment on at least two classmates' posts by secondary deadline.

### **Midterm Exam (10%)**

The midterm examination will test student comprehension of key course concepts and economics problem-solving capabilities halfway through the course. It will be timed, but open notes and open book. It will contain both quantitative and qualitative components. Practice exams and problems will be provided to students ahead of time.

### **Final Exam (16%)**

The final examination will test student comprehension of key course concepts and economics problem-solving capabilities. It will be timed, but open notes and open book. It will contain both quantitative and qualitative components. Practice exams and problems will be provided to students ahead of time.

## **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.<sup>1</sup>

If you would like to review this material, you might consider the math refresher recommended for MPA orientation: 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](#) and [solving systems of equations](#).

## 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.

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

Most of what we do in this course falls into this category. 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*

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<sup>1</sup>Solutions: 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.

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.

## Course Schedule

Check Blackboard regularly for changes to the schedule and readings. Please check the [UAlbany academic calendar](#) for dates regarding adding, dropping, and withdrawing from the course. Throughout the schedule, UM refers to the [University of Minnesota text](#), OSU refers to the [Oregon State University text](#) and PM refers to the [Planet Money Podcast](#).

## Unit A. The Invisible Hand

### Week of 8/22: Introduction

- [Forum: #0 - Getting to Know You](#)
- [Reading](#): "How Food Banks Use Markets to Feed the Poor"
- [Podcast](#): PM #372 How Do You Decide Who Gets Lungs?
- [Quiz](#): #0 - Math Assessment (Ungraded)

### Week of 8/29: Supply and Demand

- [Forum: #1 - Markets for Organs](#)
- [Reading](#): UM Chapter 3 Demand and Supply
- [Podcast](#): PM #320: How Fear Turned a Surplus Into a Scarcity
- [Quiz](#): #1 - Supply and Demand

### Week of 9/5: Elasticity

- [Forum: #2 - Feeding America](#)
- [Reading](#): UM Chapter 5 Elasticity: A Measure of Response
- [Quiz](#): #2 - Elasticity



## Unit B. Efficiency and Equity

### Week of 9/12: Efficiency

- [Problem Set: #1 - The Invisible Hand \(Individual\)](#)
- [Reading](#): UM Section 6.1 The Logic of Maximizing Behavior
- [Reading](#): UM Section 6.2 Maximizing in the Marketplace
- [Quiz](#): #3 - Efficiency

### Week of 9/19: Government Intervention

- [Forum: #3 - Taxing Marijuana](#)
- [Reading](#): UM Section 4.2 Government Intervention in Market Prices
- [Podcast](#): PM #562 A Mall Divided
- [Quiz](#): #4 - Government Intervention

### Week of 9/26: Economic Justice

- [Problem Set: #2 - Efficiency and Government Intervention \(Team\)](#)
- [Reading](#): UM Chapter 19 Inequality, Poverty, and Discrimination
- [Podcast](#): PM What Happens When You Just Give Money to Poor People?
- [Quiz](#): #5 - Economic Justice

### Week of 10/3: Midterm Exam

### Week of 10/10: Fall Break

## Unit C. Market Failure

### Week of 10/17: Market Failure

- [Memo: #1 - Minimum Wage \(Team\)](#)
- [Reading](#): UM Section 6.3 Market Failure
- [Reading](#): UM Section 15.1 The Role of Government in a Market Economy
- [Podcast](#): PM #640 The Bottom of the Well

### Week of 10/24: Externalities

- [Forum: #4 - The Dark Side of Donuts](#)
- [Reading](#): OSU Chapter 20 Externalities
- [Reading](#): "The London Congestion Charge"
- [Quiz](#): #6 - Market Failure and Externalities

### Week of 10/31: Monopoly

- [Memo: #2 - Congestion Charge \(Individual\)](#)
- [Reading](#): UM Chapter 10 The Nature of Monopoly
- [Reading](#): UM Chapter 11 The World of Imperfect Competition
- [Podcast](#): PM #643 The Taxi King
- [Quiz](#): #7 - Monopoly

## Unit D. Cooperation and Competition

### Week of 11/7: Catch up!

### Week of 11/14: Strategic Games

- [Problem Set: #3 - Market Failure \(Individual\)](#)
- [Video](#): Khan Academy, "Prisoners' Dilemma and Nash Equilibrium"
- [Reading](#): Chapter 1 of Axelrod, "Evolution of Cooperation"
- [Reading](#): Chapter 1 of Skyrms, "The Stag Hunt"
- [Quiz](#): #8 - Strategic Games

### Week of 11/21: Thanksgiving Break

### Week of 11/28: The Price of Everything

- [Forum: #5 - Madman Theory](#)
- [Reading](#): Robert Russell, "The Price of Everything: A Parable of Possibility and Prosperity"
- [Quiz](#): #9 - The Price of Everything

### Week of 12/5: Final Exam