George Washington University
Economics for Public Decision-Making
PPPA 6003, Sections 10 & 11
Fall 2015

Professor: Stephanie Riegg Cellini
Office: MPA Building (805 21st Street, NW), Room 601M
Phone: (202) 994-0019
Email: scellini@gwu.edu
Website: http://home.gwu.edu/~scellini/
Office Hours: Wednesdays, 3:30-5:30pm & by appointment

Instructional Assistant: Chelsea Lenhart
Email: clenhart@gwmail.gwu.edu
Office Hours: Mondays, 4-6pm & by appointment
Location: MPA Building, Room 602

Class Times and Location
Section 10: Wednesdays, 12:45-2:35pm (not 3:15!), Duques Hall, Room 250
Section 11: Wednesdays, 6:10-8:00pm, Duques Hall, Room 259

Course Description

This course provides an introduction to microeconomics, emphasizing its applications to public management and policy analysis. Decision-making in the public sector involves fundamentally different—and often more complicated—considerations than decision-making in the private sector. This course is designed to help current and prospective professional administrators, managers, and practitioners in the public and non-profit sectors address real-world issues and problems from an economic perspective. No prior experience with economics or mathematics is necessary, though a familiarity with basic graphing, computation, and algebra is assumed. Central questions include: What is the economic justification for government? How should concerns about efficiency and equity be balanced? What policies should we undertake to improve well-being? How can public managers improve the efficiency and effectiveness of organizations?

Learning Objectives

Through lectures, discussions, readings, assignments, and exams, students will develop knowledge and skills that will enable them to:

- Firmly grasp fundamental microeconomic theories and concepts.
- Apply microeconomic principles to real-world public sector problems.
- Conduct graphical and algebraic quantitative analyses.
• Articulate and evaluate opposing economic arguments on a current policy problem.
• Incorporate economic concepts and tools into their own writing, thinking, and work.

Course Requirements

Problem Sets (10%)

- There will be 10 problem sets due throughout the semester. While you must turn in your own solutions, you are encouraged to work with your classmates—the only condition is that you list the names of everyone you worked with on the solutions that you hand in. They will be graded on a “check plus/check/check minus” scale. Solutions to problems will be posted on Blackboard after the due date.

Midterm Exam (20%)

- The midterm will be an in-class examination covering all of the course material up to that point.
- The exam is closed book and you are allowed to bring a calculator, but you are not allowed to use the programming function on it (if it has one).
- I will consider the midterm a no-fault exam—that is, if you do better on the final than on the midterm, I will replace your midterm grade with your final grade when I calculate your overall grade for the course. If you do worse on the final, your midterm grade will stand.

Policy Brief (30%)

- This is your chance to apply what you’ve learned to a policy problem. You will choose a policy issue from a list that I will provide and write a short (3-4 page) paper that will require a limited amount of outside research in addition to your knowledge of microeconomic concepts. Detailed instructions will be handed out in class on week 8.

Final Exam (40%)

- The final will also be “in-class” during finals week. As the course is cumulative, the final will cover all of the course material.
- The final is closed book and you are allowed to bring a calculator. Again, you may not use the programming function of your calculator.

Required Texts


- I strongly encourage you to buy the 6th edition (you should be able to find it used), however, if you choose to get a previous (or newer) edition, you are responsible for ensuring that you have covered all of the required readings and problem set problems that correspond to the 6th edition.
- You do not need the “access code” for online content or any other supplemental materials.

- Simply the best econ book ever. Note that we will use the (newer) 2010 edition of the book.

**Class Schedule & Outline**

**Week 1 (Sept. 2)**
- Overview of Economics: Why the dismal science may be worthwhile...
  - Wheelan, Foreward & Introduction & Ch. 9 (yes, Ch. 9)
  - Mankiw, Ch. 1 & 2 (including Ch. 2 appendix)
  - Case Study: Olympic Uniforms

~~~~~~~~~~~~~~~~~     Unit I: The Power of Markets     ~~~~~~~~~~

**Week 2 (Sept. 9)**
- How Markets Work: Who feeds D.C.?
  - Wheelan, Ch. 1 & 12
  - Mankiw, Ch. 3 & 4
  - Case Study: Drought and Corn Production
  - **Problem Set #1 Due**

**Week 3 (Sept. 16)**
- Consumers & Demand: Shopaholics Unite!
  - Mankiw, Ch. 5
  - Case Study: Metro Fares
  - **Problem Set #2 Due**

**Week 4 (Sept. 23)**
- Firms & Supply: What Average Joe’s Hot Dog Stand & Pepsi Co. have in common.
  - Wheelan, Ch. 2
  - Mankiw Ch. 13 & 14
  - Case Study: Airline Costs & Competition
  - **Problem Set #3 Due**

**Week 5 (Sept. 30)**
  - Mankiw, Ch. 7
  - Case Study: Cost-Benefit Analysis
  - **Problem Set #4 Due**
Week 6 (Oct. 7)
- Government Interference in Efficient Markets: What’s so bad about taxes (aside from having to pay them)?
  - Mankiw, Ch. 6 & 8
  - Case Study: Minimum Wage
  - Problem Set #5 Due

Week 7 (Oct. 14)
- Midterm Exam

Week 8 (Oct. 21)
- Market Failure & Government Intervention: Monopoly & Oligopoly—gaining a new appreciation for board games.
  - Hand out and discuss policy brief assignment
  - Mankiw, Ch. 15-17
  - Case Study: Antitrust

Week 9 (Oct. 28)
  - Mankiw, Ch. 10 & 11
  - Wheelan, Ch. 3 & 4
  - Case Study: Environmental Economics
  - Problem Set #6 Due

Week 10 (Nov. 4)
- Market Failure & Government Intervention: Imperfect Information—what you don’t know CAN hurt you.
  - Wheelan, Ch. 5
  - Case Study: Trans Fats
  - Problem Set #7 Due

Week 11 (Nov. 11)
- The Role of Government in Promoting Equity: It’s not the size of the pie, but how you slice it.
  - Mankiw, Ch. 18-20
• Wheelan, Ch. 6
• Case Study: Poverty & Inequality
• Problem Set #8 Due
• Policy Brief Due

~~~~~~~~~~~~~~~~~~~~~~~  Unit III: The Economics of Human Behavior  ~~~~~~~~~~~~~~~~~~~~~~~

Week 12 (Nov. 18)
• Managerial Economics: How to get someone to do what you want them to.
  • Dixit & Skeath, “Games with Sequential Moves,” Ch. 3 of Games of Strategy.
  • Case Study: Behavioral Economics
  • Problem Set #9 Due

No class Nov. 25—Happy Thanksgiving!

Week 13 (Dec. 2)
• Political Economy: The Problem(s) with Politicians
  • Wheelan, Ch. 8
  • Case Study: Nudge
  • Problem Set #10 Due

Week 14 (Dec. 9)
• Recap, review, special topics, and/or some new material if we are behind.

Final Exam: *** TBD: Probably Wed. Dec. 16, during your scheduled class time ***

Additional Policies & Information

• Blackboard: The course website is accessible with your GW email address through GW’s Blackboard academic software at http://blackboard.gwu.edu. The most important link for this class is the “Outline” on the main menu. There you will find all non-textbook readings, copies of class handouts, problem sets, and solutions organized by week.

• Attendance: Please try not to miss class! Lectures are perhaps your most important source of information for exams, assignments, etc. If you are late or have to miss class, please make sure you get notes from a classmate and download all relevant materials from Blackboard (but you do not need to let me know). Please attend only the section that you registered for, but, if your only other option is missing class, you may attend the other section (again, no need to let me know, but please keep switching to a minimum).

• Turning Things In: Please turn in your problem sets and policy brief in hard copy only. You may bring them to class or leave them in my mailbox anytime before the relevant deadline.
• Deadlines: This syllabus provides all relevant due dates for assignments. It is your responsibility to ensure that I receive them on time. All assignments must be turned in by the start of class on the day they are due—in hard copy. Late problem sets will not be accepted. Late policy briefs will be marked down for each day they are late (only extreme circumstances warrant exception).

• Collaboration: You are welcome to work together on the problem sets under the conditions outlined above. However, the policy brief and both exams must be done completely on your own!

• Academic Integrity: Academic dishonesty will not be tolerated and I regularly check exams and assignments for plagiarism and cheating. You are responsible for knowing and following all of the definitions and policies established in the George Washington University Code of Academic Integrity at http://www.gwu.edu/~ntegrity/code.html.

• Grade Changes: No changes can be made in grades after the conclusion of the semester, other than in cases of clerical error.

• Religious Holidays: Religiously observant students should notify me the first week of classes regarding any session that will be missed; the courtesy of an absence without penalty will be extended.

• Accommodation for Students with Disabilities: If you need extra time on exams or any other accommodations for a disability, please let me know as soon as possible, preferably in the first week of class. You will need to provide proper documentation to the Office of Disability Support Services, Rome Hall, Suite 102, http://disabilitysupport.gwu.edu/.

• Extra Help: Please be sure to contact me or Chelsea if you are struggling with course materials. I encourage you arrange appointments or come to office hours early in the semester if you are having trouble. Also, please first contact Chelsea for all questions related to the problem sets. If she can’t answer your question, she will pass it along to me.

• Feedback: I welcome your feedback on my teaching and the course in general. I am particularly interested in your thoughts on how the content of the class fits in with your other MPA courses. Also, if you happen to come across any interesting articles or other materials that may be useful for future classes, please send them my way!