

PAI 723
Economics for Public Decisions
Spring 2024

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Class: Tu Th 9:30 – 10:50, Sims 237;

Office Hours: Tu Th 11:00 – 12:00

Course Description:

The course focuses on the application of basic microeconomic analysis to public policy questions. The goals of the course are the following.

- 1) Develop students' understanding of basic economic principles.
- 2) Illustrate how these principles can be applied to public policy questions.

By the end of this course, a student should be able to:

- 1) Read and evaluate policy research conducted from an economic perspective.
- 2) Produce policy analysis from an economic perspective.
- 3) Continue his or her education in more specialized economic classes.

The course covers the core elements of microeconomic theory: market interaction as expressed by supply and demand curves, producer theory, and consumer theory. We will begin by considering how these theories operate under the assumption of perfect competition, and then expand our analysis to see how economic analysis deals with situations where certain aspects of these assumptions do not apply. In particular, we will analyze situations where market power exists (monopoly / monopsony / oligopoly theory), where market forces may not lead to an outcome that fully reflects total social costs (externalities), and where no market exists for the good in question (public goods). Finally, we will use the economic insights developed in the earlier parts of the course to explore cost-benefit analysis.

Materials:

Perloff, Jeffery M. *Microeconomics* any of the last few editions. Pearson Addison-Wesley.

Reading for Cost Benefit from Gittenger that I will distribute as a pdf attachment from [Economic Analysis of Agricultural Projects](#).

Course web page has lecture notes, practice quizzes, old exams and other course material.

Grading:

Problem Sets (10 points)

Policy memos (20 points)

Exams (40 points)

Final (30 points)

This is 100 total points.

Problem Sets (10 points):

There will be ten problem sets. Each is worth one point. You are allowed to work together on problem sets. In fact, you are encouraged to do so. However, you must turn in your own work. Problem sets will not be graded on their content, but will be read and returned with comments. One point will be given for each complete problem set that is turned in by the due date. I reserve the right to judge what constitutes “completeness”. If a problem set is not turned in by the due date, no point will be given for that problem set.

Policy Memos (20 points):

There are three different policy questions that will be posed to you over the course of the semester. Background information from which you are expected to complete a policy memo will be distributed to you one week in advance of the due date. You are expected to be prepared for discussion of each of the three policy questions in class.

For two of the three policy questions (you pick which two most interest you), you are expected to hand in a policy memo. Each memo will be worth ten points. You will be graded on the effectiveness of your writing and your ability to demonstrate mastery of the analytical tools presented in class. The memos must be typed, and are due at the start of class. You are allowed to do all three and have the lowest grade on a policy memo dropped if you so choose. You are allowed to work together to think through the problem, but must turn in your own work at the end.

In class Exams (40 points):

There will be two closed book in class exams in this course prior to the final exam at the end of the course. Each one will count for 20 points.

Final Exam (30 points):

The final is worth 30 points. It will cover all material presented over the semester. It is also a closed book exam.

Schedule (subject to change as we see how it goes):

I. Overview of the course.

January 16

II. Supply and Demand

January 18, 23, 25, 30, February 1

Reading: Chapters 1, 2, and 3

Policy memo #1, handed out February 1, due February 15

III. Consumer Theory

February 6, 8, 13, 15, 20

Reading: Chapters 4 and 5

Exam #1: February 22

IV. Producer Theory

February 27, 29, March 5, 7

Reading: Chapters 6,7,8,9, and section 10.5

Spring Break March 11-15

Policy memo # 2 handed out March 21, due April 4

V. Market Power

March 19, 21, 26

Reading: Chapter 11, 13, 15.3

Exam #2: March 28

VI. Missing Markets, Externalities, and Public Goods

April 2, 4, 9, 11

Reading: Chapter 18

Policy memo #3 handed out on April 11, due on April 25

VII. Cost Benefit Analysis

April 16, 18, 23

Reading: 16.1-16.2, Gittinger reading I will make available.

Review: April 25

Final: Friday May 3, 9:00 to 12:00, Eggers 070

Disability Statement

If you believe that you need accommodations for a disability, please contact the Office of Disability Services(ODS), <http://disabilityservices.syr.edu>, located in Room 309 of 804 University Avenue, or call (315) 443-4498 for an appointment to discuss your needs and the process for requesting accommodations. ODS is responsible for coordinating disability-related accommodations and will issue students with documented disabilities Accommodation Authorization Letters, as appropriate. Since accommodations may require early planning and generally are not provided retroactively, please contact ODS as soon as possible.

Academic Integrity

The Syracuse University Academic Integrity Policy holds students accountable for the integrity of the work they submit. Students should be familiar with the Policy and know that it is their responsibility to learn about instructor and general academic expectations with regard to proper citation of sources in written work. The policy also governs the integrity of work submitted in exams and assignments as well as the veracity of signatures on attendance sheets and other verifications of participation in class activities. Serious sanctions can result from academic dishonesty of any sort. For more information and the complete policy, see the [Academic Integrity Policy and Procedures \(PDF\)](#).