

**Fundamentals of Policy Analysis**  
**PAI 897**  
**Fall 2018**

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**Office Hours: M W 11:00-12:30**

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**Sections: M W, MAX 110 12:45-2:05, CH 017 3:45-5:05**

**Fundamentals of Policy Analysis**

**Course Description and Objectives:** This course is designed to get you to think about what situations call for public sector policy, and what principles should guide the formulation of the policies in these situations. Since both formulating and predicting the outcomes of policies relies heavily on basic principles of microeconomics, we will spend the first half of the class going over the fundamentals of microeconomic theory as they apply to policy analysis. A second portion of the course begins with a focus on the policy analysis process, including recognition of the multiple objectives commonly sought from public policies, and illustrates how the rational policy analysis model can be used to evaluate alternative policy instruments. The final portion of the course focuses on cost-benefit analysis as one technique for systematically analyzing the effects of potential policies.

As experienced public managers, it is unlikely that you will move into a policy analysis position; however, it is highly likely that you are or will be a consumer of what such analysts produce. Thus, a primary objective of this course is to make you a more informed consumer. The course should also help prepare you for certain other policy-oriented courses you may wish to include in your program of study.

This course does not focus on specific policy areas, except as examples. Instead, the course focuses on the tools of policy analysis that should help you in your particular area of interest, e.g., health policy, social policy, environmental policy, etc. This course also will not focus on the politics of the policy process. While clearly policy formulation and analysis takes place within the context of a political process, we wish to focus more on the justification, analysis, and design aspects of policy. This course is meant to complement a more detailed analysis of the politics of policy in other courses.

**Reading:** The textbook used for this course is: Weimer, David L. and Aidan R. Vining (2017), *Policy Analysis*, Sixth edition, Pearson Education, Boston, MA  
The textbook is available from the university bookstore. Earlier editions are acceptable.

Finally, note that while the textbook assumes that the reader has taken a prior economics course, prior experience in economics is not a requirement for this course. The lectures will provide all the necessary economic tools to understand the material covered in the text. No additional economics text is required, as lecture notes for each class will be made available on-line. However, if you would like additional readings / background on the economics covered in class here are a few reference books you can consult on your own. These should be seen as substitutes for each other if you want more background information on microeconomic theory.

- Microeconomics for Public Decisions by Anne C. Steinemann, William C. Apgar, and H. James Brown
- Microeconomics for Public Managers by Barry P. Keating and Maryann O. Keating.
- Microeconomics by Jeffrey M. Perloff.
- Principles of Microeconomics by N. Gregory Mankiw.

Prerequisites: The course is designed for students with little or no background in economics and the underlying mathematics that support economic theory. The course does use geometry and algebra. If it has been a while since you had to contemplate the marvelousness of the distributive property and how an x-axis differs from a y-axis, mathematic resources that may be of use to reacquaint yourself with basic concepts are:

<http://www.anlyzmath.com/Algebra1/Tutorials.html>  
<http://www.intmath.com/Basic-algebra/Basic-algebra-intro.php>  
<http://www.sosmath.com/algebra/algebra.html>  
[http://www.wtamu.edu/academic/anns/mps/math/mathlab/beg\\_algebra/](http://www.wtamu.edu/academic/anns/mps/math/mathlab/beg_algebra/)

**Home page:** There is a web page where the lecture notes and course materials can be found:

<https://jomcpeak.expressions.syr.edu/pai-897/>

We will use this instead of blackboard for this course.

**Grading:** Your grade in this course will be based on problem sets (10%), completion of two policy memos (30%), two in-class exams (30%), and a final exam (30%). Both in-class exams will be held on the dates listed in the syllabus. The location and time of the final exam will be announced at a later date. All exams will be closed book exams – no notes or books may be used during the quizzes and exams. Calculators are permitted and suggested. I

If you must miss one of the exams due to illness, family emergency, or religious holiday, a makeup exam may be arranged, provided that appropriate documentation of the emergency can be provided. Except in the case of illness or unexpected family

emergency, arrangements for the makeup exam must be made before the originally scheduled exam date.

**Policy Memos:** Each policy memorandum is based on one of the two case studies, for which the due dates are included on the course outline. I will hand out each case assignment approximately one week before the date listed on the syllabus. The two cases provide students with practical applications of the tools taught in this course to real policy issues, as well as practice at written communication skills. For each, students will write a brief policy memo summarizing their analysis and recommendations. They are graded on effectiveness, including both writing and analysis. All students are expected to prepare for each case and to participate in case discussions. During case discussions (as during all class discussions), students are expected to treat all their classmates with respect. Memos are due at the end of class the day they are listed on the syllabus. This will allow you to refer to your memo during the discussion. However, the memos must be typed, and changes made to the memo during class will be ignored. Late memos will not be accepted, as it would be unfair to other students to hand in a memo after the case has been discussed in class.

**ODS:** 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.

**Religious holidays:** SU's religious observances policy, found at [http://supolicies.syr.edu/emp\\_ben/religious\\_observance.htm](http://supolicies.syr.edu/emp_ben/religious_observance.htm), recognizes the diversity of faiths represented among the campus community and protects the rights of students, faculty, and staff to observe religious holy days according to their tradition. Under the policy, students are provided an opportunity to make up any examination, study, or work requirements that may be missed due to a religious observance provided they notify their instructors before the end of the second week of classes. For fall and spring semesters, an online notification process is available through MySlice/Student Services/Enrollment/My Religious Observances from the first day of class until the end of the second week of class.

**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 \(PDF\)](#).

### Schedule<sup>1</sup>

- I. August 27 & 29. Introduction: Microeconomics and the Policy Analysis Process
  - a. Weimer & Vining, chapters 2, 3, & 15
- II. September 3 – NO CLASS, LABOR DAY
- III. September 5, 10 – Supply and Demand
  - a. Weimer & Vining, Chapter 4
  - b. Lowrey, Annie and Ron Nixon, “[Severe Drought Seen as Driving Cost of Food Up](#),” The New York Times, July 26, 2012, A1, A4.
- IV. September 12, 17, 19, – Applications of Supply and Demand.
- V. September 24, 26, October 1, - Consumer Behavior: An Introduction to the Concept of Utility
  - a. “[The benevolence of self-interest](#),” The Economist, December 12, 1998, 80 .
- VI. OCTOBER 3– EXAM # 1
- VII. October 8 – Consumer Behavior: maximizing utility subject to a budget constraint
- VIII. October 10 – Applications of Consumer Theory. MEMO 1 DUE
  - a. Weimer & Vining, Chapter 10, p. 224-235 (Supply Side Subsidies & Demand Side Subsidies) .
  - b. Brooks, David “[The Nudge Debate](#),” The New York Times, August 9, 2013, A17.
- IX. October 15, 17 – Production, The Costs of Production
- X. October 22 – The Behavior of Firms Under Perfect Competition: Profit Maximization and the Derivation of the Supply Curve.
  - a. Barro, Josh, “[Taxi Apps Cut Market Value of Medallions](#),” The New York Times, November 28, 2014, A1.
- XI. October 24 – Perfect Competition and Economic Welfare
  - a. Weimer & Vining, chapter 7
- XII. October 29, 31 – The Effects of Market Power: Monopolies, Strategic Interactions and Game Theory
  - a. Weimer & Vining, Chapter 5, pp. 97-103 (Natural Monopoly) (also see pp. 64-65 in Chapter 4)
- XIII. November 5 – Externalities, Coase, Public Goods, Information issues
  - a. Weimer & Vining, Chapter 5, Chapter 10.
  - b. Wald, Matthew L., “[Fossil Fuels’ Hidden Cost Is in Billions, Study Says](#),” The New York Times, October 20, 2009, A16.
- XIV. November 7, Distributional and Other Goals
  - a. Weimer and Vining, Chapter 7.
- XV. November 12 Limits to Government Intervention: Government Failure
  - a. Weimer & Vining, Chapter 8.

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<sup>1</sup> Adjustments can and will be made to this schedule as necessary.

- XVI. NOVEMBER 14 – EXAM #2
- XVII. NOVEMBER 19, 21 no class for Thanksgiving break.
- XVIII. November 26, Correcting Market and Government Failure: Generic Policies
  - a. Weimer and Vining, Chapter 10.
- XIX. November 28, Case #2, Water Pricing, Organizing Policy Analysis
  - a. Weiner & Vining, Chapter 15.
- XX. December =3,5 – Cost-Benefit Analysis
  - a. Weimer & Vining, Chapter 16

Final December TBD