

Fundamentals of Policy Analysis
PAI 897
Fall 2024

John McPeak

333 Eggers Hall

Office phone: (315) 443-6146

Web page: <https://jomcpeak.expressions.syr.edu/>

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

e-mail: jomcpeak@syr.edu

Office Hours: Tu Th 10:00-11:30

Section: Tu Th 2:00 – 3:20 765 Irving Ave Room 221

TA: Francisco Villarroel fvillar@syr.edu

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 (3rd edition) by Anne C. Steinemann.
- Microeconomics (various editions) by Jeffrey M. Perloff.
- Principles of Microeconomics (various editions) 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.analyzemath.com/Algebra1/Tutorials.html>

<http://www.intmath.com/Basic-algebra/Basic-algebra-intro.php>

http://www.wtamu.edu/academic/anns/mps/math/mathlab/beg_algebra/

Course page: There is a web page where the lecture notes and course material are available. The URL is noted above. 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 (10% each 20% total), two in-class exams (20% each 40% total), 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 the accuracy of the predicted impacts of the proposed policies. All students are expected to prepare for each case and to participate in case discussions.

Center for Disability Resources: If you believe that you need accommodations for a disability, please contact the Center for Disability Resources <https://disabilityresources.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. CDR 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 CDR as soon as possible.

Religious holidays: SU's [religious observances policy](#), 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, see the [policy](#).

Class Schedule

August 27 Introduction

August 29 Microeconomics and the Policy Analysis Process
Weimer & Vining, chapters 2, 3, & 15

September 3 – Supply and Demand
Weimer & Vining, Chapter 4

September 5, 10 – Applications of Supply and Demand.

September 12, 17, 19 - Consumer Theory

September 24 –Applications of Consumer Theory
Weimer & Vining, Chapter 10, p. 224-235

September 26 – EXAM # 1

Memo 1: Living Wage. Due October 3

October 1, 3, 8 – Producer Theory

October 10 – Perfect Competition and Economic Welfare
Weimer & Vining, chapter 7

Fall Break October 15

October 17, 22, 24 – The Effects of Market Power: Monopolies, Strategic Interactions
and Game Theory
Weimer & Vining, Chapter 5, pp. 97-103 (also see pp. 64-65 in Chapter 4)

October 29, 31 - Externalities, Coase, Public Goods, Information issues
Weimer & Vining, Chapter 5, Chapter 10.

November 5 - Distributional and Other Goals
Weimer and Vining, Chapter 7.

November 7, 12 - Limits to Government Intervention: Government Failure
Weimer & Vining, Chapter 8.

Memo 2: Water Pricing. Due November 12.

November 14, 19 - Correcting Market and Government Failure: Generic Policies
Weimer and Vining, Chapter 10.

NOVEMBER 21 – EXAM #2

Thanksgiving Break November 25-29

December 3 - Organizing and Presenting Policy Analysis
Weiner & Vining, Chapter 15.

December 5, 10 – Cost-Benefit Analysis
Weimer & Vining, Chapter 16

FINAL

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1PM-4PM

Friday, December 13th