

# **PADP 6950: Foundations of Policy Analysis (Spring 2015)**

## **Hye-Sung Kim**

Office: Baldwin Hall 203D

Office Hours: Thursdays 1:00-4:00 pm

Email: [hkim82@uga.edu](mailto:hkim82@uga.edu)

Website: <http://www.hyesungkim.org/teaching.html>

## **Course Information**

Classroom: Baldwin Hall 0311

Class Time: T 6:30 – 9:15 PM

## **Course Description**

This is a course in microeconomic analysis that provides broad exposure to the fundamental economic tools of policy analysis. While competitive markets are often efficient, there are many barriers to perfectly functioning markets that lead to the need for public policy. Ultimately, the goal of the course is to lead students to appreciate the economic method of thought - assuming rational agents respond predictably to incentives in order to allocate scarce resources at their disposal as seems "best" to them - and how this method can be a widely useful tool for assessing the need for, and likely impact of, public policy.

By the end of the course, students should understand:

- Fundamental economic ideas of scarcity, opportunity cost, and rationality
- Utility and consumer surplus
- Production functions, marginal costs, supply functions and producer surplus
- Markets and how they work
- Market structures of perfect competition and monopoly
- Market failures and policy solutions: the cases of externalities and public goods

## **Required Text**

*Intermediate Microeconomics: A Modern Approach* by Hal R. Varian, 9th edition.

## **Recommended Text**

*Microeconomics* by Paul Krugman, 3rd edition.

There will be additional readings which will be distributed in class.

## **Grading**

Class attendance is not required, but is strongly recommended.

## **Two Exams (60%)**

There will be two in-class exams, each counting for 30% of the course grade. Any known scheduling problems should be brought to my attention as soon as possible. If you miss the midterm exam without a university-approved excuse, you will receive a zero. If you have a

university-approved absence, then the final exam will count for 60% of the course grade. No make-up exam will be given.

### **Weekly Homework (20%)**

You will be assigned thirteen homework assignments, which will count for 20% of the course grade. You are strongly encouraged to work in groups (composed of no more than 3 students). If you work in a group, submit only one problem set for each group. Since a solution set will be available on the course website as soon as a problem set is handed in, late problem sets will not be accepted (which means you will receive a zero).

### **Policy Memo (20%)**

This paper will count for 20% of the course grade. This paper should be no more than 1000 words (3 pages). Your assignment is to provide a short economic evaluation of some existing or proposed policy. You should 1) assess the problem addressed by the policy, 2) describe the policy, 3) explain how the policy addresses the problem, 4) use economic reasoning in your explanations, 5) provide at least one possible unintended consequence of the policy, and 6) offer one policy recommendation that directly follows from the explanations or consequences provided in the memo. The details of the policy should be reviewed using available information from the news and academic outlets (include citations). The analysis should appeal to an explicit economic model discussed during the course (graphs and jargon may be used as appropriate). Your topic should be in an area that is of particular interest to you. Your policy memo will be graded on the six items listed above as well as on the clarity of the writing overall.

### **Academic Integrity**

All students are responsible for maintaining the highest standards of honesty and integrity in every phase of their academic careers. The penalties for academic dishonesty are severe and ignorance is not an acceptable defense.

### **Course Topics**

**Note:** The course syllabus is a general plan for the course; deviations announced to the class by the instructor may be necessary. We may not cover all of these topics. Conversely, time permitting, other topics might be covered in this course.

<b>January 6</b>	Introduction <ul style="list-style-type: none"><li>• Varian Chs. 1&amp; 2</li></ul>
<b>January 13</b>	Consumer Choice <ul style="list-style-type: none"><li>• Varian Chs. 3, 4 &amp; 5</li></ul>
<b>January 20</b>	Demand

	<ul style="list-style-type: none"> <li>• Varian Chs. 6 &amp; 10</li> </ul>
<b>January 27</b>	<p>Surpluses</p> <ul style="list-style-type: none"> <li>• Varian Chs. 14 &amp; 16</li> </ul>
<b>February 3</b>	<p>Intertemporal Choice and Uncertainty</p> <ul style="list-style-type: none"> <li>• Varian Chs. 10 &amp; 12</li> <li>• <i>Policy memo topic due</i></li> </ul>
<b>February 10</b>	<p>Asymmetric Information</p> <ul style="list-style-type: none"> <li>• Varian Ch. 38</li> </ul>
<b>February 17</b>	<b>Midterm Exam</b>
<b>February 24</b>	<p>Theory of the Firm</p> <ul style="list-style-type: none"> <li>• Varian Chs. 19, 20, &amp; 21</li> </ul>
<b>March 3</b>	<p>Supply</p> <ul style="list-style-type: none"> <li>• Varian Chs. 22, 23, and 24</li> </ul>
<b>March 10</b>	<b>No Class - Spring Break</b>
<b>March 17</b>	<p>Perfect Competition and Monopoly</p> <ul style="list-style-type: none"> <li>• Varian Chs. 25 &amp; 26</li> </ul>
<b>March 24</b>	<p>Game Theory</p> <ul style="list-style-type: none"> <li>• Varian Ch. 29</li> </ul>
<b>March 31</b>	<p>Welfare</p> <ul style="list-style-type: none"> <li>• Varian Ch. 34</li> </ul>
<b>April 7</b>	<p>Externalities</p> <ul style="list-style-type: none"> <li>• Varian Ch. 35</li> </ul>
<b>April 14</b>	<p>Public Goods</p> <ul style="list-style-type: none"> <li>• Varian Ch. 37</li> <li>• <i>Policy memo due</i></li> </ul>
<b>April 21</b>	Final Exam