

**American University**  
**PUAD 630-001: Public Managerial Economics**  
**Fall 2013**

Class time: Thursdays, 5:30pm – 8:00pm

Location: TBA

Instructor: Nick Kahn

Office: Hurst 207

Email: [nick.kahn@american.edu](mailto:nick.kahn@american.edu)

Office Hours: Mondays 11:30am – 1:30pm, Thursdays 3pm – 4pm, and by appointment

**Course Description:**

This course presents economic models that are currently used by policy analysts. We will primarily be concerned with microeconomic models. Microeconomics is the study of individual economic actors and their decision-making processes. It seeks to explain how people make choices and how these choices affect market outcomes. We will discover how these models are used to explain how prices are formed and how these prices help to allocate scarce resources among competing uses. We will learn how markets can work efficiently and how markets can fail. We will cover topics such as supply and demand, externalities, public goods, firm behavior, discrimination, and the theory of consumer choice.

**Learning Objectives:**

By the end of this course you will:

- Be able to interpret and critique economic analyses used in current policy research.
- Understand and use the model of supply and demand.
- Understand different market structures, market efficiency, and market equity.
- Perform your own economic analysis using the tools learned in class.
- Become aware that there are many different schools of economic thought, and dominant theories have changed over time.

**Course Materials:**

Krugman, P. and R. Wells (2012). Microeconomics (3rd Edition).

Supplemental readings as assigned will be posted on Blackboard.

**Blackboard:**

I have set up a Blackboard website for this course. Please check it regularly as I will post announcements and course documents on it. Please ensure that Blackboard displays your preferred email address so that you can be contacted as needed.

**Assignments:**

|                    |              |
|--------------------|--------------|
| In-Class Problems  | 5% of grade  |
| Problem Sets       | 15% of grade |
| Exam 1             | 20% of grade |
| Exam 2             | 20% of grade |
| Short Policy Paper | 15% of grade |
| Final Exam         | 25% of grade |

*In-Class Problems:*

You will be given questions to be submitted for credit by the end of class. Students should prepare for in-class problems at each course meeting.

*Problem Sets:*

Problem sets will be distributed in class at least one week before they are due. Problem sets will be evaluated with the percentage grades of 100, 50, and 0. The grade is not based on how many answers are correct. I am only concerned about whether a good faith effort has been made. A problem set receives a grade of 100 if an honest attempt has been made to answer each question. The grade of 50 is reserved for incomplete work, work that is sloppy/careless, or work that demonstrates little effort on the part of the student to understand the topic. Problem sets that are late (or not turned in at all) receive a grade of 0.

*Exams:*

There will be two noncumulative exams during the semester and a cumulative final exam. The noncumulative exams are not designed to take an entire class period. Exam 1 will take place on **October 3<sup>rd</sup>**. Exam 2 will take place on **November 7<sup>th</sup>**. The final exam is cumulative but it will contain a much greater proportion of the material covered since Exam 2. The final exam will take place on **December 12<sup>th</sup>**.

*Short Policy Paper:*

This assignment will require students, in small groups, to assume the role of analysts by applying microeconomic principles to a public policy problem at the local, state, or federal level. Each group will turn in one paper that should be approximately 4 – 6 pages, double-spaced. As part of the assignment, each group will be required to submit a paper proposal, which should be less than one page. The proposal is due by **October 10<sup>th</sup>**. The final paper is due by **December 5<sup>th</sup>**.

Additional information and resources for the policy paper will be made available on Blackboard.

**Additional Course Info:**

*Deadlines:*

All assignments handed in late will be penalized. If you have a significant reason that you believe would justify rescheduling an exam or assignment, you must (1) contact me before the particular exam date or due date and (2) provide written documentation of the problem. Valid reasons for rescheduling a deadline include illnesses or family emergencies.

*Attendance:*

While there is no specific grade given for attendance or class participation, attendance is strongly encouraged. Quality of class participation and attendance may factor into grading in the event that a student is on the border between grades.

*Grading Scale:*

| Letter grade | Percent of possible points earned | Quality of performance                                       |
|--------------|-----------------------------------|--|
| A            | 100 – 95                          | Exceeds expectations for good MPA/MPP work                   |
| A-           | 94 – 90                           |  |
| B+           | 89 – 87                           | Meets expectations for good MPA/MPP work                     |
| B            | 86 – 83                           | Minimally meets expectations for MPA/MPP work                |
| B-           | 82 - 80                           |  |
| C+           | 79 - 77                           | Work fails to meet minimum expectations for MPA/MPP students |
| C            | 76 - 73                           |  |
| C-           | 72 - 70                           |  |
| D            | 69 - 60                           |  |
| F            | Below 60                          |  |

Once final grades are submitted, they cannot be changed for reasons other than a miscalculation. Hence, extra credit opportunities after final grades are submitted should not be expected.

*Academic Honesty:*

You may cooperate with other individuals while working on problem sets. However, each individual student must write up and turn in a problem set. You may NOT cooperate with other individuals during in-class problems or exams. Plagiarism is prohibited. Please see the University's Academic Integrity Code for more information: <http://www1.american.edu/academics/integrity/code.htm>

**Support Services:**

If you experience difficulty in this course for any reason, please don't hesitate to consult with me. In addition to the resources of the department, a wide range of services is available to support you in your efforts to meet the course requirements.

*Academic Support Center (x3360, MGC 243):*

Offers study skills workshops, individual instruction, tutor referrals, and services for students with learning disabilities. Writing support is available in the ASC Writing Lab or in the Writing Center, Gray Hall 206.

*Counseling Center (x3500, MGC 214):*

Offers counseling and consultations regarding personal concerns, self-help information, and connections to off-campus mental health resources.

*Disability Support Center (x3315, MGC 206):*

Offers technical and practical support and assistance with accommodations for students with physical or psychological disabilities.

If you have a disability and might require accommodations in this course, please notify me with a letter from DSS or ASC early in the semester so that we can make arrangements to address your needs.

## Course Schedule

Please note that this is a *tentative* schedule. Depending on student needs, it is possible that readings and dates may have to be modified.

Additional readings will be provided during the semester and be made available on Blackboard.

| <b>Date</b> | <b>Topic</b>  | <b>Reading</b>            | <b>Due</b>            |
|-------------|---|---------------------------|-----------------------|
| 8/29        | Introduction to Microeconomics                      | Chap. 1, Chap. 2          |                       |
| 9/5         | Supply and Demand                                   | Chap. 3                   |                       |
| 9/12        | Elasticity  | Chap. 6                   | Problem Set 1         |
| 9/19        | Government Policies and the Supply and Demand Model | Chap. 5                   |                       |
| 9/26        | Welfare Economics and Applications                  | Chap. 4, Chap. 7, Chap. 8 | Problem Set 2         |
| 10/3        | <i>Exam 1</i>                                       |                           |                       |
| 10/10       | The Costs of Production                             | Chap. 9, Chap. 11         | Policy Paper Proposal |
| 10/17       | Perfect Competition                                 | Chap. 12                  | Problem Set 3         |
| 10/24       | Monopolies and Monopolistic Competition             | Chap. 13, Chap. 15        |                       |
| 10/31       | Factor Markets and the Distribution of Income       | Chap. 19                  | Problem Set 4         |
| 11/7        | <i>Exam 2</i>                                       |                           |                       |
| 11/14       | Externalities                                       | Chap. 16                  |                       |
| 11/21       | Public Goods  | Chap. 17                  |                       |
| 11/28       | <i>No Class – Happy Thanksgiving!</i>               |                           |                       |
| 12/5        | Income Inequality and Poverty                       | Chap. 18                  | Policy Paper          |
| 12/12       | <i>Final Exam</i>                                   |                           |                       |