



PPOL-730-1: ECONOMIC ANALYSIS FOR PUBLIC POLICY

Professor Jason J. Fichtner
Spring 2011

GENERAL COURSE INFORMATION:

Room: 103 Healy Hall
Day and Time: Mondays, 6:15 pm – 8:45 pm
Instructor's Email: jjfichtner@gmail.com / jjf8@georgetown.edu
Office Hours: After class, or by appointment

This course introduces how economic analysis is widely used in various public policy fields and government activities. Economic principles, including consumer and producer theory, social welfare economics, public goods and externality, market failure, market structure, imperfect information, business cycles, monetary and fiscal policy, and economic growth offer many insights to analyzing public policy issues and developing solutions. These economic principles, along with cost-benefit analysis and some quantitative methods will be studied in detail to understand the application of economic analysis and quantitative models to public policy analysis. The course will use specific policy areas as example to provide students with the concepts and tools of economics to analyze the role of government intervention, its justification, and implications for efficiency and fairness.

Class will be two and half hours of lectures per week, and students are expected to contribute to the learning effort within classes, both by presenting and giving their views. There is no prerequisite for the course. The instructor will review basic economic principles and quantitative methods before assuming that students understand the concepts.

One of the main objectives of this course is to provide students with a purposeful mix of practice and theory. Public Policy students have to keep one foot in the world of practice and the other in the world of academic theory. You must become “pracademics.” Hence, class readings and discussions will revolve around economic concepts, tools and skills used in policy analysis and implementation.

EXPECTATIONS

- You are expected to act with the highest professional ethics and skill.
- You are expected to complete all of the readings in advance of each class, and to be prepared to discuss them as well as your own experiences and insights.
- You are expected to adhere to the Georgetown University Honor Code. For all written course assignments please provide citations for all outside sources for the ideas in your assignments. Copying, cheating or plagiarism will not be tolerated.
- Students are expected to attend all class meetings and participate in class discussions. If you have an important reason to miss a class or delay an assignment, and you let me know in advance, I will work to accommodate your situation. Important reasons involve major unexpected family or personal challenges and events (e.g. death in the family, severe illness, etc.).
- Even if you miss class, assignments are still due on time.
- Late assignments will be marked down **at least** 1/3rd of a letter grade.
- I have an open-door policy. Please do not hesitate to see me if you have any questions, concerns, comments, etc.

READINGS

The following textbooks will be used in the class:

Required:

McConnell, Brue, and Flynn, *Economics with Economy Update 2009 & Connect Plus*, 18th Edition (McGraw-Hill, 2009). (Please make sure it has the "Connect Plus" so you can access web material and quizzes)

Eugene Bardach, *A Practical Guide for Policy Analysis: An Eightfold Path to More Effective Problem Solving*, 3rd Edition (CQ Press, 2009).

Joshua Angrist and Jorn-Steffen Pischke, *Mostly Harmless Econometrics* (Princeton University Press, 2009).

The texts are available at the GU bookstore and also can be purchased on-line from stores such as Amazon.com, Border.com or Barnesandnoble.com. Make sure to shop around for the best price. I reserve to right to hand out additional readings to supplement the core texts.

ASSIGNMENTS

Issue of the Day

Please read the major newspapers and come to class ready to bring up interesting and relevant topics. Every day in the newspapers there are lots of stories that apply economic analysis to the discussion and debate of public policy issues. You are also encouraged to read the op-ed pages, as often they touch upon these issues as well. At the beginning of each class, I will solicit topics from the class and we will hold a brief (10-15 minutes) discussion session. This will be considered part of your overall class participation grade.

Online Problem Set Assignments

Weekly problem set assignments will be conducted online using Connect Plus, associated with the McConnell, Brue, and Flynn, *Economics* textbook. The web address for the course Connect page is: http://connect.mcgraw-hill.com/class/j_fichtner_econanalysis_spring_2011

Policy Memorandums

To be successful professionally you need to write well. To improve your writing skills, you will write **two** one-page policy memos in which you make a policy recommendation based on a newspaper article and justify your position based on the economic concepts from the course. Choose an article from a major newspaper related to a public policy issue and use at least one of the economic concepts developed in this course to analyze the article. Your assignment will be graded based on the quality of your analysis and the quality of your writing. Policy memos may be no longer than one page (single-spaced). Also, include a copy of the article used for the assignment with your finished paper. Please adhere to the space constraint and proofread carefully.

The first policy memo is due: **February 21, 2011.**

The second policy memo is due: **April 4, 2011.**

Group Presentation

There is no final exam for the course. However, a group PowerPoint presentation dealing with the course material and concepts is required. The group presentation assignment will be handed out during the **April 4** class. Teams will consist of 3 – 5 people. Presentations will be due and given in class on the last scheduled class day, **May 2**.

Note: Paper copies of all assignments need to be handed in by the due date at the beginning of class, as well as delivered via e-mail to jjfichtner@gmail.com.

GRADES

Grades will be based on the following contributions:

Online Homework Assignments	20 percent
Policy Memo #1	20 percent
Policy Memo #2	20 percent
Group PowerPoint Team Presentation	20 percent
Participation (attendance & in-class)	20 percent

Grades will be assigned according to the following scale:

94-100	= A
90-93	= A-
87-89	= B+
83-86	= B
80-82	= B-
77-79	= C+
70-76	= C
< 70.0	= F

I do not grade on a Bell Curve – All students are expected to perform at B level or above.

Summary of Course Assignments, Activities and Due Dates:

<u>Item</u>	<u>Due Date</u>
Online Problem Set Assignments	Weekly
Policy Memo #1	February 21 st
Policy Memo #2	April 4 th
Handout Group Presentation Assignment	April 4 th
Group Presentations	May 2 nd

Course Schedule, Topics, Readings, and Activities

Notes: (1) The first class of the semester will be on Wednesday, January 12th – all other classes will be on Monday night starting with the 2nd class on January 24th. (2) Students are expected to complete the reading assignment prior to class and come prepared to discuss.

January 12	<i>WEDNESDAY CLASS</i> - CLASS INTRODUCTION & OVERVIEW <u>Activity: Instructor & Student Introductions / Discussion of Class Norms</u>
January 17	NO CLASS – MLK HOLIDAY
January 24	INTRODUCTION TO ECONOMICS & THE ECONOMY Read: McConnell, Brue & Flynn: Chapters 1, 2, 4 & 5
January 31	OVERVIEW OF MARKET ECONOMY – INTRO, SUPPLY, DEMAND & MARKET EQUILIBRIUM Read: McConnell, Brue & Flynn: Chapter 3
February 7	MICROECONOMICS – CONSUMERS & COST OF PRODUCTION Read: McConnell, Brue & Flynn: Chapters 6, 7 & 8
February 14	MARKET STRUCTURES & MARKET PRICES Read: McConnell, Brue & Flynn: Chapters 9, 10 & 11
February 21	NO CLASS – PRESIDENTS DAY HOLIDAY
February 28	FACTOR INPUTS: LABOR & INVESTMENT Read: McConnell, Brue & Flynn: Chapters 12 & 13
March 7	NO CLASS – SPRING BREAK
March 14	GOVERNMENT INTERVENTION & THE ECONOMY Read: McConnell, Brue & Flynn: Chapters 16, 17 & 20
March 21	MACROECONOMICS – INTRO, GDP, ECONOMIC GROWTH & BUSINESS CYCLES Read: McConnell, Brue & Flynn: Chapters 23, 24, 25 & 26
March 28	MACROMODELS & FISCAL POLICY

Read: McConnell, Brue & Flynn: Chapters 27, 28 & 29

- April 4 FINANCIAL ECONOMICS, PUBLIC BUDGETING / FEDERAL BUDGET PROCESS & WHAT IT MEANS FOR THE PUBLIC SECTOR
Instructor PowerPoint Presentation on Federal Tax & Budget Policy
Read: McConnell, Brue & Flynn: Chapter 30
- April 11 POLICY ANALYSIS & BENEFIT-COST ANALYSIS
Read: (1) Bardach: "A Practical Guide for Policy Analysis"
(2) OMB Circular A-94, Guidelines and Discount Rates for Benefit-Cost Analysis. Available online:
<http://www.whitehouse.gov/sites/default/files/omb/assets/a94/a094.pdf>
(3) Instructor will post additional readings on Blackboard.
- April 18 POLICY ANALYSIS & METHODS OF INFERENCE
Read: Angrist & Pischke: "Mostly Harmless Econometrics"
Preface, Chapters 1 & 2; pages 27 – 48; 91 – 110; 113 – 127; & 221 - 247
- April 25 NO CLASS – EASTER BREAK
- May 2 GROUP PRESENTATIONS, SUMMARY & CONCLUSIONS
Activity: Course Evaluation
Activity: Group Presentations
Activity: End of Course Celebration