

Course Number: PAD 5311 Semester: Spring 2018
CRN: 28850 Mondays: 5-8:00pm in Room 305
UTEP Blackboard XLB5201820
Course Title: Economic Analysis for Public Administrators
Instructor: Eric Boyer
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915-747-6145
Office Hours: Wednesdays, 3-5:00pm, or please email me for a time to meet

This course provides an introduction to microeconomics, with an emphasis on its applications to public management and policy analysis. The aim of this course is to equip you with a conceptual and analytical understanding of economic analysis.

Decision-making in the public and nonprofit sector directly influences the delivery of goods and services to the public. The aim of this course is to empower you with an economic framework for evaluating and analyzing strategic decisions. Throughout the course, you will examine how people respond to incentives, how markets perform efficiently, and how government intervention affects market outcomes. You will also evaluate the government's role in the economy, including the potential for government intervention to influence economic welfare, market growth, and the distribution of costs and benefits.

This course is intended as a fundamental component of the Master of Public Administration program. No prior study of economics or mathematics is required or assumed. You will be expected, however, to achieve basic familiarity with graphing, computation and algebra as demonstrated in the course materials in the first two weeks of the class.

Central questions guiding this course include: What is the economic justification for government? How should concerns about efficiency and equity be balanced? What policies should we undertake to improve well-being? How can public and nonprofit managers improve the efficiency and effectiveness of organizations? What can the tools of economic analysis tell us about the ways policy changes are likely to influence behavior?

The learning objectives of this class include the abilities to:

- Demonstrate an ability to apply tools and theories from microeconomics to improve managerial and policy making decision-making;
- Understand the public sector through an economist's lens, and integrate economic reasoning and approaches into your research and reasoning;

- Understand basic microeconomic principles such as efficiency, opportunity costs, comparative advantage, preferences, elasticity, public goods, adverse selection, moral hazard, among others;
- Evaluate noneconomic policies through the lens of economic analysis to predict how policy changes may affect the behavior of individuals and those who produce goods and services for them in areas such as illegal immigration, illegal drug enforcement, etc.;
- Comprehend and critically evaluate arguments made by elected officials and political commentators;
- Incorporate economic concepts and tools into your own writing, thinking, and work.

Course Format:

Recognizing that students have different learning and working styles, this course will utilize a variety of learning and teaching formats. We will use lectures, discussions, case studies, examples from current events, examples from students' own personal professional experiences, and written assignments. The professor will utilize the UTEP *Blackboard* system to distribute class materials. The classroom sessions will include a combination of classroom discussion, lecture, and group activities. Members of the class are expected to bring examples of administrative challenges in the news to each class session, questions and observations from the weekly course readings, and examples of potential applications of course materials to their own personal experiences.

Because students learn from each other, as well as from the instructors, students are expected to attend all of the required classes. If, due to illness or emergency, you are unable to attend class, please call or email the instructor. Unexcused absences will be handled according to departmental policy. To the extent that missing class affects your ability to participate in class discussions, excessive absences will substantially affect your grade. Students missing class are responsible for retrieving notes and assignments from classmates. Students are responsible for maintaining access to the blackboard site for this course and their UTEP email accounts. Students are responsible for keeping up to date on email communication from the professor and fellow members of the class through their UTEP email accounts.

Students are expected to deliver their work on time. If, due to illness or personal emergency, you believe your work will be late, you are advised to discuss the matter in advance with the instructor. Late work will normally be penalized at least one-third grade (e.g., from an A- to a B+).

Course Requirements (Also please see grading criteria attached to this syllabus):

1. Reading Response Papers (25%): Each person in class will complete two reading response papers (2 pages max, double-spaced). These papers should review at least three concepts in the required readings for the day they are due. At least ONE of the concepts you discuss should be from the Mankiw book. You should define each term in your own

words (please do not include a direct citation or quote from the readings to define these terms), explain why you selected them and what their relevance could be for management and policy. Please include at least one graph to demonstrate your understanding of a core concept from the Mankiw reading (not included with the page length). You can draw your graph by hand to include with your paper, or you can draw it through software such as Microsoft Word, but the graph should be your own work (not cut and pasted). You should bring a hard paper copy of your paper to class when it is due.

2. Midterm Exam (20%): This in-class exam will involve multiple-choice and short-answer questions from all of the material covered in sessions I-IV.
3. Final Exam (30%): This exam will focus primarily on material covered in the second half of the class, but material from the earlier section will be included as well. The exam will consist of multiple-choice, short-answer, and essay questions.
4. Class Participation (25%): Students are expected to keep up with the readings and actively participate in the class. Part of this participation will involve identifying topics and/or themes from the readings that relate to your current professional position, or a potential position in your future to add to each week's discussions. You should also arrive to each class session with an idea to discuss from the news on a topic that relates to management. You may consider reading the *Washington Post*, *CNN* online, the *Wall Street Journal*, or another major news source.

Required Reading

1. Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage. ISBN-13: 978-1305971493 [7th or 6th edition would be ok]
2. Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co. ISBN-13: 978-0393337648

Journal articles, book chapters, case studies and other required and recommended material not in the assigned books will be available on *Blackboard* or handed out in class.

I. INTRODUCING ECONOMICS: Why the dismal science may be worthwhile... MARCH 19, 2018

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 1: Ten Principles of Economics
- Chapter 2: Appendix – Graphing: A Brief Review

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Introduction

Recommended

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 2: Thinking Like an Economist

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 1: Death by Bureaucrat

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Chapter 1: First Principles
- Chapter 2: Economic Models: Trade-offs and Trade

Rhoads, S. E. (1999). *The Economist's View of the World: Government, Markets, & Public Policy*. Cambridge, UK: Cambridge University Press.

- Introduction

II. COMPETITIVE MARKETS: Who feeds El Paso? MARCH 26, 2018

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 3: Interdependence and Gains from Trade
- Chapter 4: The Market Forces of Supply and Demand

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Chapter 1: The Power of Markets: Who Feeds Paris?

Recommended

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Chapter 12: Trade and Globalization – The Good News about Asian Sweatshops

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 7: Kidneys for Sale

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Economics in Action: Only Creatures Small and Pampered
- Business Case: Uber Gives Riders a Lesson in Supply and Demand

Rhoads, S. E. (1999). *The Economist's View of the World: Government, Markets, & Public Policy*. Cambridge, UK: Cambridge University Press.

- Chapter 2: Opportunity Cost

III. CONSUMERS AND DEMAND: Shopaholics Unite!

APRIL 2, 2018

RESPONSE PAPER #1 DUE IN-CLASS (INCLUDE AT LEAST ONE GRAPH)

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 5: Elasticity and its Application
- Chapter 7: Consumers, Producers, and the Efficiency of Markets

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 6: Sex, Booze, and Drugs

Recommended

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Chapter 2: Incentives Matter

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 17: Coffee, Tea, or Tuition-Free?

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Economics in Action: Responding to Your Tuition Bill
- Business Case: The Airline Industry: Fly Less, Charge More

Rhoads, S. E. (1999). *The Economist's View of the World: Government, Markets, & Public Policy*. Cambridge, UK: Cambridge University Press.

- Chapter 4: Economic Incentives

Becker, G. S., Grossman, M., & Murphy, K. M. (1994). An Empirical-Analysis of Cigarette Addiction. *American Economic Review*, 84(3), 396-418.

**IV. GOVERNMENT INVOLVEMENT IN MARKETS: What's so bad about taxes?
(aside from having to pay them)**

APRIL 9, 2018

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 6: Supply, Demand, and Government Policies

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Chapter 4: Government and the Economy II: The Army Was Lucky to Get that Screwdriver for \$500

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy*

Issues. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 9: The Disincentives of Higher Taxes

Recommended

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 8: The Costs of Taxation

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Economics in Action: Taxing Tobacco
- Business Case: Microsoft's Internal Carbon Tax

Rhoads, S. E. (1999). *The Economist's View of the World: Government, Markets, & Public Policy*. Cambridge, UK: Cambridge University Press.

- Chapter 5: Government and the Economy

Chetty, R., Looney, A., & Kroft, K. (2009). Salience and Taxation: Theory and Evidence. *American Economic Review*, 99(4), 1145-1177.

Peltzman, S. (1976). Toward A More General Theory of Regulation. *Journal of Law & Economics*, 19(2), 211-240.

V. In-class Midterm Exam – APRIL 16, 2018

VI. MARKET FAILURES – MONOPOLY AND IMPERFECT INFORMATION: What you don't know CAN hurt you. APRIL 23, 2018

RESPONSE PAPER #2 DUE IN-CLASS (INCLUDE AT LEAST ONE GRAPH)

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 15: Monopoly

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Chapter 5: Economics of Information: McDonalds didn't Create a Better Hamburger

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 18: Keeping the Competition Out

Recommended

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 16: Monopolistic Competition
- Chapter 17: Oligopoly

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Economics in Action: Shocked by the High Price of Electricity
- Business Case: Amazon and Hachette Go to War

Posner, R. A. (1975). Social Costs of Monopoly and Regulation. *Journal of Political Economy*, 83(4), 807-827.

Akerlof, G. A. (1970). The Market for Lemons: Quality Uncertainty and the Market Mechanism. *Quarterly Journal of Economics*, 84(3), 488-500.

VII. EXTERNALITIES AND PUBLIC GOODS: What's mine is yours. APRIL 30, 2018

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 10: Externalities

Wheelan, C. (2010). *Naked Economics: Undressing the Dismal Science*. New York, NY: W. W. Norton & Co.

- Chapter 3: Government and the Economy (Government is Your Friend)

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 24: Save that Species

Recommended

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 11: Public Goods and Common Resources

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 25: Greenhouse Economics

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Economics in Action: Cap and Trade
- Business Case: Snapchat and Instagram: Not Your Grandmother's Social Networking
- Economics in Action: Twenty-First Century Piracy
- Business Case: Hunting Endangered Animals to Save Them

Rhoads, S. E. (1999). *The Economist's View of the World: Government, Markets, & Public Policy*. Cambridge, UK: Cambridge University Press.

- Chapter 7: Externalities and the Government Agenda

Coase, R. H. (1960). The Problem of Social Cost. *Journal of Law and Economics*, 3.

Ostrom, E. (2010). Beyond Markets and States: Polycentric Governance of Complex Economic Systems. *American Economic Review*, 100(3), 641-672.

**VIII. BEHAVIORAL ECONOMICS. Why don't I act in my own best interest?
May 7, 2018**

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 22: Frontiers of Microeconomics

Laibson, D., & List, J. A. (2015). Principles of (Behavioral) Economics. *American Economic Review*, 105(5), 385-390.

Miller, R. L., Benjamin, D. K., & North, D. C. (2012). *The Economics of Public Policy Issues*. Upper Saddle River, NJ: Pearson Education, Inc.

- Chapter 3: Supersize It

Recommended

Mankiw, N. G. (2018). *Principles of Microeconomics* (8th ed.). Boston, MA: Cengage.

- Chapter 21: Theory of Consumer Choice

Krugman, P., & Wells, R. *Microeconomics* (5th ed.). New York, NY: Worth Publishers.

- Chapter 9: Decision-Making by Individuals and Firms
- Chapter 10: The Rational Consumer

Rhoads, S. E. (1999). *The Economist's View of the World: Government, Markets, & Public Policy*. Cambridge, UK: Cambridge University Press.

- Chapter 9: The economist's consumer and individual well-being

Thaler, R. H. (2015). *Misbehaving: The Making of Behavioral Economics*. New York: W. W. Norton & Co.

- Chapter 1: Supposedly Irrelevant Factors
- Chapter 2: The Endowment Effect
- Chapter 3: The List

FINAL EXAM: MAY 10, 2018

Course Policies

1. Incompletes: A student must consult with the instructor to obtain a grade of “I” (incomplete) no later than the last day of classes in a semester. At that time, the student and instructor will both sign the contract for incompletes and submit a copy to the Program Director. Please consult the Student Handbook for the complete policy on incompletes.
2. Submission of Written Work Products Outside of the Classroom: It is the responsibility of the student to ensure that an instructor receives each written assignment, even those submitted online through SafeAssign.
3. Submission of Written Work Products after Due Date: Policy on Late Work: All work must be turned in by the assigned due date in order to receive full credit for that assignment, unless an exception is expressly made by the instructor.
4. Academic Honesty: Please consult the “policies” section of the student handbook for the university code of academic integrity. Note especially the definition of plagiarism: “intentionally representing the words, ideas, or sequence of ideas of another as one’s own in any academic exercise; failure to attribute any of the following: quotations, paraphrases, or borrowed information.”
5. Changing Grades After Completion of Course: No changes can be made in grades after the conclusion of the semester, other than in cases of clerical error.
6. The Syllabus: This syllabus is a guide to the course for the student. Sound educational practice requires flexibility and the instructor may therefore, at her/his discretion, change content and requirements during the semester.
7. Accommodation for Students with Disabilities: In order to receive accommodations on the basis of disability, a student must give notice and provide proper documentation to the Office of Disability Support Services at UTEP.
8. Instructor’s Policy on Grade Contestation: Students wishing to contest a grade are required to draft a brief memo explaining the reasoning behind their dispute, and to then schedule a meeting with the instructor to discuss it.

Grading Criteria

A

Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.

B

Adequate: Competent work for a graduate student with some evident weaknesses. Demonstrates competency in the key course objectives but the understanding or application of some important issues is less than complete.

C

Deficient: Inadequate work for a graduate student; rarely meets minimal expectations for the course. Work is poorly developed or flawed by numerous errors and misunderstandings of important issues.

F

Unacceptable: Work fails to meet minimal expectations for course credit for a graduate student. Performance has consistently failed to meet minimum course requirements. Weaknesses and limitations are pervasive.