Course Syllabus (last updated 2/1/16)
Expect this syllabus to be revised throughout the semester.

Lecture Info: Tuesdays, 5:45-9:25pm | 204 Husted Hall
Professor: Kevin Jack | KJack@albany.edu | 457-3800 (my daytime office # -- for emergencies only)
Office Hours: Held immediately after class, or by appointment

Course Description: How do markets allocate resources in an economy? How do firms operate in both the short run and the long run? What effect do taxes have on markets? What are the key rationales for governments to intervene in the economy? This class surveys microeconomic theory, with particular emphasis on principles most relevant for government and applications to policy or management. The first part of RPAD 503 explores markets and their efficiency at allocating resources, under perfect conditions. The second part of RPAD 503 explores the ways that markets can fail, and possible policies for solving these failures.

Students with substantial prior economics background (e.g., one graduate micro-economics course or two advanced undergraduate micro-economics courses) should confer with Professor Weinberg about possibly waiving RPAD 503.

Course Learning Objectives
In RPAD 503, we have two main objectives:

1) to learn key general principles about how economies work, when they work well, and when they don’t work well;
2) to apply those general principles to the sorts of specific questions/problems facing civil servants on a daily basis

Competencies: How does RPAD 503 fit into the NASPAA competencies discussed in RPAD 507?

Competency #1: ability to lead and manage in public governance
- We will discuss principles relevant to managing public resources, especially when we discuss “public goods.”

Competency #2: to participate in and contribute to the policy process
- A major course theme is evaluating the strengths and weaknesses of using market and non-market mechanisms to achieve policy goals. We will also practice reading professional economics articles and extracting relevant information from real-world studies.

Competency #3: to analyze, synthesize, think critically, solve problems, and make decisions
- Most of what we do in this course falls into this category. Of the specific items listed in the 507 guidelines, we pay particular attention to
  - Evaluating the equity and efficiency implications of policy options
  - Assessing the positive and negative implications of policy options (especially the ways in which policies can incentivize actors to change their behavior)
  - Assessing the significance of problems and solutions (especially vis-à-vis market forces)
  - Differentiating between short- and long-term problems and solutions (especially the ways that markets evolve over time)
Competency #4: to articulate and apply a public service perspective
- The course will discuss trade-offs of using public and private mechanisms to achieve policy goals
- We will consider the distributional impacts of economic policies across different types of constituents, especially in memo 2.

Competency #5: to communicate and interact productively for a diverse community
- We’re going to make you write some memos.

Readings: There are two required books for this class (available at Mary Jane Books):
1. *Principles of Microeconomics*, 6th Edition, by Greg Mankiw, 2007 (Note: This is NOT the most recent edition)

We will also read selections from several other books (most available as pdfs on Blackboard):
- *The Undercover Economist* and *The Undercover Economist Strikes Back* by Tim Harford, Riverhead Books, 2014
- *New Ideas from Dead Economists* by Todd Buchholz

Most Harvard Kennedy School of Government (KSG) case studies will be available on Blackboard, with the permission of the KSG. You will need to purchase the pollution control case, which Harvard sells for $4. Directions on how to purchase this case will be made available.

Professional journal articles are available for full-text download through the SUNY library website (go through the Journal Finder, not the normal catalog), unless otherwise specified. All professional readings will be available on-line. If you think a reading is NOT available, e-mail Professor Jack. Do NOT try to find a different version of the article. If you find an article with the same name by the same authors, but not the specified version, then you may well have the wrong draft. Note: the library’s e-Journals tab can often find things that EBSCO cannot. Learn how to use it. Note that with the e-Journals tab you search for the journal, such as American Economic Review. Once you’ve entered the database for the journal you need, you can search or browse to the specific article you need.

Assignments This Semester:

**Article Summaries: (5%)** You need to sign up for the *Wall Street Journal’s* Real Time Economics (RTE) newsletter, which emails daily links to news articles on economics-related topics. Each week you will turn in a 4” x 6” note card (not scraps of paper that are 4” x 6”!) with a short summary of an RTE article published in the prior two weeks. Be sure to include your name, the class date it is due, the name of the article, the date it appeared on RTE and your summary. I will collect these cards at the beginning of each class, and will “randomly” choose several students to summarize their article for the class. Your written summary is “graded” and will take the form of pass/fail. No late note cards will be accepted without documentation of serious illness, etc. I will start collecting these during Week 2. Sign up to receive RTE emails at: [www.wsj.com/public/page/email-setup.html?sub=real_time_economics](http://www.wsj.com/public/page/email-setup.html?sub=real_time_economics)
Learning Teams/Peer Evaluation: (5 %) – Much of the work you will complete in this course will be done in teams of several students each. Teams will be assigned by me during the first few weeks of class. At the end of the course, the other members of your group will evaluate your participation. These peer evaluations will count 5% toward your final semester grade, so I recommend that you contribute early and often to your group work.

Problem Sets (30%)/Memos (14%): There will be 6 problem sets over the course of the term, of which you must turn in 5, including all group problem sets. **You must choose which problem sets to turn in; we will not grade 6 problem sets.** Problem sets are algebra-intensive.

Some assignments are team assignments, which you will do in teams that I will assign. I am assigning team problem sets for two reasons: (1) to encourage you to discuss the course material with classmates and (2) to encourage networking. I also strongly encourage you to discuss the individual problem sets and memos with your peers, provided that:

a) you attempt every problem on your own before discussing them with colleagues;

b) you write up your own individual assignments from scratch, without looking at your colleagues’ work while you do it; and

c) that you explicitly acknowledge whom you worked with on the first page of the assignment. **Copying a colleague’s work directly is cheating.**

There will also be two short analysis memos, in which you discuss how to apply course principles to specific cases. Your memos should be well-organized and carefully written (In my day job, I edit a monthly economics newsletter, so be sure to double-check your spelling and grammar!). These will be graded according to how seriously you engage me as a reader, and the rigor and clarity of your argument. Memos should be typed in 12-point Calibri font, with one-inch margins and 1.15 spacing.

For the individual assignments, you should feel free to seek help in proof-reading your drafts, provided that a) you make all changes yourself, and b) you acknowledge any such help explicitly on the first page of your assignment. The Grammar Girl blog is a useful resource: [grammar.quickanddirtytips.com](http://grammar.quickanddirtytips.com/).

Problem sets and memos are due at the BEGINNING of class. Extensions may be granted by me in the case of severe medical or family emergency.

**Important Notes Regarding Plagiarism and Citations:** You must familiarize yourself with UAlbany’s policies regarding plagiarism. See: [library.albany.edu/usered/plagiarism/index.html](http://library.albany.edu/usered/plagiarism/index.html). Plagiarism is a major offense and can receive severe punishments, from automatically failing the course to being expelled from the program. If in doubt about acceptable use of sources, ask.

Correct citations are one of the more important ways to avoid plagiarism. When you use a source in a memo, make sure to cite it using any standard academic citation method. Two things to remember: no matter which standard you adopt: a) the titles of sources do not belong in the main text of your paper, but rather in the Works Cited page or a footnote, and b) article titles go in quotes; book and journal titles go in italics. The key to a citation is that the reader must be able easily to track down the source.
You should include URLs in the Works Cited page for material from the Internet. Do NOT provide URLs for published journal articles you have accessed through the library, but do provide a URL for a government report downloaded from the web.

**Midterm Exam (20%) and Cumulative Final Exam (20%):** There will be one midterm exam (held on March 8) and a cumulative final exam. Students are allowed to bring one 4” x 6” note card “cheat sheet” (two sides). You will hand in your note card with your completed exam papers. If there is any deviation from the above specifications, this will be regarded as cheating and you will receive a “0” grade.

**Grading:** Your final course grade will be based on your performance on a number of assignments:

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<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>RTE article summaries</td>
<td>5%</td>
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<tr>
<td>Peer Evaluation</td>
<td>5%</td>
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<tr>
<td>Problem Sets (5 @ 6%)</td>
<td>30%</td>
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<tr>
<td>Memos (2 @ 7%)</td>
<td>14%</td>
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<tr>
<td>Midterm Exam</td>
<td>18%</td>
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<tr>
<td>Final Exam (cumulative)</td>
<td>28%</td>
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<td><strong>TOTAL</strong></td>
<td><strong>100%</strong></td>
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Final semester grades in my classes are typically subject to a limited curve. Your overall contribution to the classroom learning environment through class attendance, answering and asking questions, and other contributions to class discussion may also be taken into consideration when assigning final grades -- this means your final semester grade could go up (or in rare instances, go down). This will matter most to students on the border between two grades.

**Attendance/Class Decorum:** It’s just not the same around here without you. Class attendance is expected and required. If you expect to miss classes, you should register for a different course. An attendance sheet may be circulated each class, which you should sign. If you arrive late to class, “step out” for a break during class or leave early for the evening without my prior consent, then that counts as an absence. We will take a 15-20 minute break in the middle of class.

We may have several outside guest speakers, who are recognized experts in their fields and will share their insights. Students with an unexcused absence on nights we have a guest speaker will incur a five (5) point deduction from their subsequent midterm or final exam grade. College-excused absences do not count toward this policy.

Turn off all electronics during class time, including cell phones and laptops. Anyone found violating this rule will have a minimum of 5% deducted from their subsequent midterm or final exam grade without warning. Repeated offenses will result in progressively steeper penalties. Note: Students with academic accommodation letters from the Disability Resource Center who need their laptop in order to take notes in class are exempt from the “no electronics” rule.

Class powerpoints will typically be made available on Blackboard within 48 hours after class time. Top students in my previous economics classes have typically taken written notes during class, and then combined their written notes with the powerpoints.
**Students with Disabilities:** If you need special accommodations to meet any of the requirements of this course, please contact me as soon as possible.

**Semester Schedule:** The course schedule below shows the tentative dates various topics and chapters will be covered in class, as well as the exam dates. The readings should be completed before each class. Additional readings may be added (or dropped) to this list during the semester.

**SUMMARY OUTLINE OF WEEKLY SCHEDULE**  
Book Key: GM=Mankiw book; TH=Harford book

<table>
<thead>
<tr>
<th>Week # &amp; Date</th>
<th>Lecture Content</th>
<th>Reading Assignments (*Means Reading is Not on Blackboard)</th>
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</table>
| 2. Feb. 2    | Markets and Elasticities | • GM, Chapters 1, 4-5  
• Cummings, Holt, and Laury, 2003, “Using Laboratory Experiments for Policy Making: An Example from the Georgia Irrigation Reduction Auction,” Andrew Young School of Policy Studies, Research Paper Series No. 06-14, available on Blackboard  
• Reading Guide to Cummings et al., available on Blackboard |
| 3. Feb. 9    | Taxes and Efficiency | • **Problem Set #1 (Group Effort) Due**  
• GM, Chapters 6 (pp. 121-128 only), 7-8  
• Krissy Clark, “Should Services be Taxed Like Goods?” NPR report from August 9, 2013  
• California Legislative Analyst’s Office, “Why Have Sales Taxes Grown Slower Than the Economy,” August 5, 2013  
• Buchholz, Chapter VII, “Alfred Marshall and the Marginalist Mind”  
• Handout on MARKETS AND WELFARE ECONOMICS  
• KSG case 1776.0, “The Coffee Crisis” |
| 4. Feb. 16   | Production I    | • **Problem Set #2 (Individual Effort) Due**  
• GM, Chapter 14  
• KSG Case 1273.0: “Casco Bay’s Ferries” |
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| 6. Mar. 1    | Regression; Economic Justice | Problem Set #3 (Individual Effort) Due  
|              |                 | GM, Chapter 20  
|              |                 | Janet Adamy, “Middle Class is No Longer the Majority,” *Wall Street Journal*, December 9, 2015 |
| 7. Mar. 8    |                  | MIDTERM EXAM: Covers material presented in Weeks 1-6  
|              |                 | Bring a calculator with a square root button |
| 8. Mar. 15   |                  | UALBANY SPRING BREAK! |
|              |                  | Note: March 22 is the COURSE WITHDRAWAL DEADLINE |
|              |                 | KSG Case 1328.0: “A Money-Losing Public Monopoly Faces a Competitive Threat: the New York City Transit Authority and the ‘Dollar Vans’”  
| 10. Mar. 29  | Market Power    | Memo #1 (Team Effort) Due  
|              |                 | GM, Chapters 15-16  
|              |                 | TH, Chapter 2, “What Supermarkets Don’t Want You to Know”  
|              |                 | Reading TBA |
| 11. Apr. 5   | Externalities   | Problem Set #4 (Group Effort)  
|              |                 | GM, Chapter 10  
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| 12. Apr. 12  | Externalities Example: Pollution Control | • Problem Set #5 (Individual Effort) Due
• KSG Case 1514, “Cleaning up the ‘Big Dirties’: the Problem of Acid Rain,” pp. 1-6, the section “Greens Eye the Market” (pp. 9-11)
| 13. Apr. 19  | Public Goods and Cost Benefit Analysis | • GM, Chapter 11
• Handout on PDV |
| 14. Apr. 26  | Labor; Asymmetric Information; Public Financing of Sports Facilities | • Memo #2 (Individual Effort) Due
• GM, Chapter 18, pp. 375-388; Chapter 22, pp. 468-473
• TH, Chapter 5, “The Invention of Unemployment” and Chapter 8, “Inside Story”
| 15. May 3    | Markets or Government? | • Problem Set #6 (Individual Effort) Due
• Roberts, *The Price of Everything* (whole book) |
| 16. May 10   | Cumulative Final Exam (usual class time) |
Mathematics: The MPA program requires a basic competence in algebra. RPAD 503 is one of the courses that make particular use of this competence. You need to be able to solve problems of the following sort:

1. \(2X = 3X + 10 - 2(X-1)\) 
2. \(3X + 2Y = 7; Y = 2X + 14\) 

3. \(-2 = \frac{15-10}{P-4}\) 
4. \(3/X = X\) 

You should be able to graph lines in \(Y = a + bX\) form, and to know in a graph what a slope is and what a Y-intercept is.\(^1\) If you would like to review this material, you might consider the math refresher recommended for Welcome Week: Bleau, Clemens, and Clemens (2013), Forgotten Algebra, 4th edition.

Web Videos: A substantial part of the course material will be presented in the form of web videos compiled by Professor Weinberg. The videos will include substantive material that would otherwise be covered via lecture. This will free up class time for more interactive coverage of the material. You will not be prepared for class unless you watch the assigned videos.

Some videos present conceptual material, and other videos provide examples of solving problems. Professor Weinberg typically works each problem twice, once quickly and then once more slowly. Please have a calculator with a square root button handy while watching the problem-based videos. You will get vastly more out of them if you attempt the problems on your own before watching the solutions. See https://vimeo.com/channels/1017312

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\(^1\) Solutions: 1. \(X=12\); 2. \(X = -3; Y = 8\); 3. \(P=3\); 4. \(X=\sqrt{3}\).

The slope is \(b\); the Y-intercept is \(a\); you should understand that the slope is the change in \(Y\) over the change in \(X\), and that the Y-intercept is the value of the function when \(X = 0\), that is, the starting point when you draw a line.