1. Course Description

**Summary.** 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 microeconomics course or two advanced undergraduate microeconomics courses) should confer with the instructor about possibly waiving RPAD 503.*

**Learning Objectives.** By the end of the course students should be able to:

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

**Readings.** Students will rely on the following books. They are both available through Mary Jane Books:

1. N. Gregory Mankiw. *Principles of Microeconomics, 6th Edition.* NOTE: This is not the most recent edition.

Other readings, or links to readings, will be posted to Blackboard (as noted in the schedule on p.6).
2. Course Policies

Attendance. Students should make every effort to attend every class. Because this course only meets once per week, missing a single class could have significant consequences on student learning. It is the responsibility of the student to plan with the instructor ahead of time for any necessary absence and to coordinate with classmates to catch up on course material and assignments.

Participation. As in the real world, students will benefit from regularly asking questions, engaging in friendly class debate, and contributing equally to group assignments and projects. Out-of-class online participation is also a vital element of the course: Between classtimes the instructor will post an online video including a question for students to respond to in a Blackboard forum. Students should perform the following each week:

1. Write their own short response post to the forum by Sunday at 8 PM;
2. Read their classmates’ posts; and
3. Comment on at least two classmates’ posts.

Office Hours. Office hour appointments will be available on Tuesday and Wednesday afternoons from 3:30 to 5:30 PM. Please use the following link to set up a meeting: https://lucysorensen.youcanbook.me/ This automatically adds an appointment to my calendar. If you cannot find a time on the booking website that works for you, please email me to find an alternative time to meet. Taking advantage of one-on-one or group meetings with the instructor throughout the semester is a valuable way to stay on top of material.

Communication. Please use the text “RPAD 503” in the subject line when emailing myself or the teaching assistant. I will do my best to respond to all student emails promptly (within 24 hours).

Plagiarism and Citations. Please familiarize yourself with the information at 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, please ask.

Correct citations are one of the most important elements in avoiding plagiarism. When you use a source in a memo, make sure to both include in-text citations and create a bibliography using either the APA formatting style or Chicago Author-Date formatting style.

Accommodations. Reasonable accommodations will be provided for students with documented physical, sensory, systemic, cognitive, learning and psychiatric disabilities. If you believe you have a disability requiring accommodation in this class, please notify the Disability Resource Center (Business Administration 120; 518-442-5490; http://www.albany.edu/disability/current.shtml). That office will provide the course instructor with verification of your disability, and will recommend appropriate
accommodations. If you wish to discuss academic accommodations for this course, please inform the instructor as soon as possible.

3. Grading

Grade Components. Your grade will comprise of a weighted average of all assignment, exam, and participation grades, with the breakdown specified in the table below. Midterm and final exam raw scores will uniformly be adjusted upwards such that the median score lies in the B+ range. We will use your top five scores from the six assigned problem sets.

<table>
<thead>
<tr>
<th>Component</th>
<th>Details</th>
<th>Percent of Grade</th>
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<tbody>
<tr>
<td>Problem Sets</td>
<td>(5 assignments at 6 percent each)</td>
<td>30</td>
</tr>
<tr>
<td>Memos</td>
<td>(2 assignments at 6 percent each)</td>
<td>12</td>
</tr>
<tr>
<td>Midterm Exam</td>
<td>(Cumulative)</td>
<td>20</td>
</tr>
<tr>
<td>Final Exam</td>
<td>(Cumulative)</td>
<td>30</td>
</tr>
<tr>
<td>Participation</td>
<td>(2 components at 4 percent each)</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
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Problem Sets (30%). For this course you will be assigned six problem sets: four to turn in individually and two to turn in with a team. Your lowest grade out of the six problem sets will be automatically dropped, which means that you may opt to not turn in one of the six problem sets. You should expect to spend approximately 10-14 hours on each problem set.

Memos (12%). There will be two short analytical memos – one prepared individually and one as a team – in which you discuss how to apply course principles to specific cases. These memos will take a somewhat different form and length than the decision memos assigned in RPAD 507. A grading rubric for memos will be provided to students.

Participation (8%). Participation scores will comprise of two components:

1) Notecard activities (4%): At five randomly-determined points within the semester, I will hand out notecards at the exact beginning of class and ask students either an individual or group question that requires understanding of a key concept from the week’s reading. Each notecard is worth one percentage point, and one notecard activity grade is dropped automatically. There are no make-up notecard activities.

2) Online participation (4%): If students participate in the Blackboard forums regularly by asking questions, responding thoughtfully to instructor prompts, and reading and commenting constructively on their classmate’s posts, they will receive full credit. Students are automatically forgiven one late post and one missed post during the semester.
Late Work. All problem sets and memos are due at the beginning of class. Because there will be occasions in your life when missing a deadline for an assignment is simply unavoidable (for example in the case of family or medical emergencies), everyone may use exactly one late pass during the semester for a one-week extension for a memo or problem set of your choice – no explanation needed.

Re-Grading Policy. We will only go back and correct grading of problem sets, memos, or exams if we have added up your grade incorrectly from the scores of different portions or questions, or for major errors in judgement. Grading inherently involves subjectivity and mistakes, and it is therefore unfair to add points for students who request it and not for other students.

Team Assignments and Collaboration. The instructor will randomly assign students into groups for the team assignments to encourage you to discuss the course material with classmates and to provide networking opportunities. I also strongly recommend that you discuss the individual problem sets and memos with your peers, provided that:

1. You attempt every problem on your own before discussing them with colleagues;
2. You write up your own individual assignments from scratch, without looking at your colleagues’ work while you do it; and
3. That you explicitly acknowledge whom you worked with on the front page of the assignment.

Copying a colleague’s work directly is cheating.

4. Math Preparation

In order to succeed in RPAD 503, you will need to feel confident doing algebraic problems. As a prerequisite, you should ensure that you can solve problems of the following sort:

1. $2x = 3x + 10 - 2(x - 1)$
2. $3x + 2y = 7; \ y = 2x + 14$
3. $-2 = \frac{15 - 10}{4}$
4. $\frac{3}{x} = x$

You should be able to graph lines in $y = a + bx$ form, and know what a slope is and what a y-intercept is.

If you would like to review this material, you might consider the math refresher recommended for MPA Welcome Week: Bleau, Clemens, and Clemens (2013), Forgotten Algebra, 4th Edition. While the tone is aimed at a younger demographic, you may also find helpful the Khan Academy’s online videos about solving equations (https://www.khanacademy.org/math/cc-eighth-grade-math/cc-8th-solving-equations) and solving systems of equations (https://www.khanacademy.org/math/cc-eighth-grade-math/cc-8th-systems-topic).

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.
5. Schedule

Please check the academic calendar for dates regarding adding, dropping, and withdrawing from the course: [http://www.albany.edu/registrar/spring-2017-academic-calendar.php](http://www.albany.edu/registrar/spring-2017-academic-calendar.php)

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Due</th>
<th>Readings</th>
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</thead>
<tbody>
<tr>
<td>8/31</td>
<td>Introduction</td>
<td></td>
<td>Syllabus; Mankiw Chapters 1, 2</td>
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<tr>
<td>9/14</td>
<td>Taxes and Efficiency</td>
<td>PS # 1 (Team)</td>
<td>Mankiw Chapter 6 (pp. 121-128), Chapters 7, 8 KSG Case 1776.0. “The Coffee Crisis.”</td>
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<tr>
<td>9/21</td>
<td>NO CLASS: ROSH HASHANAH</td>
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<tr>
<td>9/28</td>
<td>Production in the Short Run</td>
<td>Memo # 1 (Team)</td>
<td>Mankiw Chapter 13, 14 KSG Case 1273.0. “Casco Bay’s Ferries.”</td>
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<tr>
<td>10/19</td>
<td>MIDTERM EXAM</td>
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<tr>
<td>Week</td>
<td>Topic</td>
<td>Due</td>
<td>Readings</td>
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| 10/26| Market Power                 | PS #3 (Individual) | Mankiw Chapters 15, 16  
| 11/2 | Externalities and Public Goods |                  | Mankiw Chapters 10, 11  
| 11/9 | Solutions to Externalities: Pollution Control | Memo # 2 (Individual) | KSG Case 1514. “Cleaning up the ‘Big Dprites’: The Problem of Acid Rain” (pp. 1-6). The Section “Greens Eye the Market” (pp. 9-11).
Mankiw “Smart Taxes: An Open Invitation to Join the Pigou Club.” **Skip “Related Externalities” and “Energy Independence” (pp. 19-21).**
Mankiw Chapter 22 (pp. 468-473) |
<p>| 11/23| NO CLASS: THANKSGIVING HOLIDAY |                  |                                                                                                                                                                                                         |</p>
<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>Due</th>
<th>Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/7</td>
<td>Markets or Government?</td>
<td>PS # 6 (Individual)</td>
<td>Roberts. <em>The Price of Everything</em> (Whole Book)</td>
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<tr>
<td>5/14</td>
<td>FINAL EXAMINATION</td>
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6. NASPAA 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 during the topic of “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.** Students will write analytical memos and frequently work collaboratively in teams.

“I would like to thank Professor Stephen Weinberg for his work designing much of this class and syllabus, from which I have shamelessly borrowed.”