

University of Louisville
School of Urban and Public Affairs
PADM 500/PLAN 500
Economics for Public Affairs
Tuesday 5:30 pm to 8:15 pm, USI 200

Instructor: Frank Goetzke
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Office Hours: Tuesday and Thursday 3:00 pm to 4:00 pm
Wednesday appointments only

Course Prerequisites:

Understanding of algebra and geometry (high school and/or introductory college math).

Course Description:

This course is required for graduate students pursuing a Master's degree in Public Administration or Urban Planning. It provides the student with an introduction to the most commonly used microeconomic, as well as some selected macroeconomic concepts required for analyzing public and urban policy. The microeconomics section covers demand, supply and elasticity, consumer and firm behavior, the competitive market, as well as market failures, such as monopoly and externalities. The labor market and income inequality will also be discussed. Special attention will be given to welfare analysis, the role of government in public goods provision and regulation, as well as public choice and voting behavior. In the macroeconomics section, aggregate demand and supply in the short run will be covered together with macroeconomic effects of taxation and fiscal policy, as well as the impact of institutions and technology on long run economic growth.

Learning Objective:

- To help future public managers, urban planners and policy analysts to become critical thinkers in reflecting upon public policy formulation and their unintended consequences.
- To give students an appreciation of the market system and its efficiency as well as its limitations.
- To teach students how agents, such as consumer, firm or government make decisions.
- To provide students with an understanding of the role of government in the economic system and how it functions.
- To train students how to apply economic tools for public policy analysis.
- To prepare students for more advanced economics classes, such as urban economics.

Textbook:

Mankiw, N. Gregory (2004). *Principles of Economics*. Forth Edition. Mason, OH: Thomson South-Western. ISBN 0-324-36019-3.

This book is the most widely used textbook in the field. Mankiw is known for a style easy to read, and the textbook concentrates on the most important topics covering it in depth, while trying not to be encyclopedic.

Levitt, Steven D. and Stephen J. Dubner (2006). *Freakonomics. A Rogue Economist Explores the Hidden Side of Everything*. First Revised and Expanded Edition. New York, NY: Harper Collins Publisher. ISBN 978-006-123400-2

Student's Guide to Freakonomics: <http://freakonomics.com/pdf/StudentFreakonomics.pdf>

This is the perfect book to compliment any standard textbook. The topics it covers is extremely interesting and mind-stimulating, while, at the same time, it is very well written. Based on his idea, that economics is the science of "general" human behavior (not just economic behavior), Levitt is best known for applying economic theory and methods to non-economics issues. Since you are not going to be economists, this book will give you an idea how to use economics for your future career.

Aplia software: <http://www.aplia.com>

Additional literature:

Robert H. Frank: "When to Violate the Top Two Commandments of Antigovernment Crusaders", *New York Times* (3/15/2007)

Douglass C. North: "Institutions", *Journal of Economic Perspectives*, Vol. 5 No. 1 (1991)

Teaching Style, Attendance and Learning Requirements:

The meetings will be a mix of lecture at the board and hands-on exercise. I will follow the outline of the textbook, but at times I will go beyond its content. While I do not require excuses for missed classes, I strongly recommend that you come to class regularly, and if you cannot attend, that you get the notes from a class mate. I am convinced that the nature of the presented material makes attendance self-enforcing. I will not accept under any circumstance the excuse that you have missed a certain class.

The way how economists think may be very unfamiliar to you, since the center of any economic argument is an economic model. You will be only able to master the material if you do all the readings and get a lot of practice. This is the reason why I will give you Aplia homework assignments as well as short paper assignments. Most of the learning will happen outside of the classroom. Do not wait until the last day to work on the assignments. Chances are that the product will not be as good as it could be.

I do encourage group work. It will be easier to understand the material if people talk about it with others. It is an established fact that both stronger and weaker students equally benefit from group work. In a group nobody will get so easily stuck on a problem, or go down the wrong path in solving it. It also makes learning more fun.

An average student should in general expect to spend at least three times the classroom time outside of the classroom (more is better). That would be about 7.5 hours a week additionally to the class meetings (10 hours total).

Warning: Economics is not conducive to binge-working – you will get lost!

I am aware that everybody's time budget is limited, but at the same time, one makes choices concerning the use of one's time (including paid work). The amount of time spent on studying and group work will likely be reflected in the final grade, and as such, provide future employers with a sense of how important the class was to the student.

Grading:

The final grade consists of the following:

1. Aplia homework assignments (25 points)
2. Four short papers each 5 points (20 points)
3. A midterm exam (25 points)
4. A final exam (25 points)
5. My leverage, which cannot be discussed at any time (10 points)

I am convinced that every student who spends the necessary time for studying and does all the assigned work with care will be able to pass the course, especially because I have a relaxed grade scale:

A+: 100; A: 95 – 99; A-: 90 – 94;
B+: 85 – 89; B: 80 – 84; B-: 75 – 79;
C+: 70 – 74; C: 65 – 69, C-: 60 – 64,
D: 50 – 59; F < 50.

As you can see that the grading scheme is somewhat relaxed. However, you will receive an A+ only for perfect work, which will be almost impossible. While I want everyone to succeed, I will not hesitate to give you a grade less than a B- if you deserve it (including an F).

I do not believe in curving and will enforce absolute standards. This means, that the whole class could get grades in the A range, on the other hand I do not hesitate to let the class as a whole fail. Do not rely on the assumption that your poor work may not stand out because of the shortcomings of other students.

Aplia:

Aplia is a software product which will help you to get a deeper understanding of economic modeling and will provide you with plenty opportunity to practice what you have learnt in class. The due date for the material covered on Tuesdays, will be on Sundays night at 11:45 pm. No late assignments will be accepted. 25 points are a quarter of the class requirement. Accordingly, take the Aplia assignments seriously. And remember – there will be an assignment due almost every week.

For more information on Aplia look at the end of the syllabus.

Short Paper Assignments:

The purpose of the short paper assignments are to learn to think and argue like an economists. I expect you to come up with an issue to be discussed within a topic we cover in class. The first two papers focus on applying economic thinking to non-economic problems, while the second two papers are policy papers. The due date will be at the beginning of the class. Papers handed in at the end of the class are considered late. If you hand in the paper late by less than a week, I will deduct one point, if it is late by more than one week, I will deduct two points. No papers are accepted if it is late by more than two weeks.

Exams:

Both the midterm and final exams are in-class exams. The midterm is scheduled so that you receive the grade before deadline to drop the class. The final, which will be comprehensive, will be given on the scheduled time during the exam week.

All exams are required to be taken at the scheduled time, unless you have a by the Dean's office officially approved excuse. If you miss the midterm, the final will be just counted twice, if you miss the final exam you will be administered a make-up exam (which will be different to the original one).

Leverage:

These are up to 10 points, which brings the total to 105 points. Most students can expect to get 5 points, as long they always participate and make a generally good impression on me. Outstanding students who are between grades or students, where I have the feeling that they are better as their written work suggests, may get more than 5 points. Students who do not make such a good impression on me by not coming prepared to class or even skip classes regularly and students where I have the feeling that their written work is better than they seem to me, I may give fewer than 5 points.

In any case, this leverage is outside of any discussion and cannot be challenged from your side. On the other hand, I have a somewhat relaxed grading scheme.

Academic Integrity:

It is expected that a student in the Graduate School will refrain from plagiarism and cheating. Plagiarism and cheating are serious breaches of academic conduct and may result in permanent dismissal. Each student is advised to become familiar with the various forms of academic dishonesty as explained in the Code of Student Rights and Responsibilities. A plea of ignorance is not acceptable as a defense against the charge of academic dishonesty. Any proven plagiarism will result in failure of the course and will be reported to the committee on student discipline for further action, including notice in the permanent record, dismissal or expulsion.

This is the only warning! For more information, please consult the student's handbook.

Disability Statement:

All students with a disability who require special accommodations to participate in and complete this course must contact the Disability Resource Center (852-6938) for verification of eligibility and for determination of specific accommodation.

Tentative Course Schedule:

<u>Date</u>	<u>Textbook Topic</u>	<u>Freakonomics and other literature</u>	<u>Assignments</u>
8/20	Introduction to economic thinking (Chapters 1, 2 and 3)	Economic Methodology (Introduction) Incentives (Chapter 1)	
8/28	Supply, demand and elasticity (Chapters 4, 5 and 6)		
9/4	Efficiency of markets and welfare analysis (Chapter 7) Welfare analysis applications (Chapters 8 and 9)		
9/11	Theory of consumer choice (Chapter 21) Frontiers of microeconomics (Chapter 22)	Information (Chapter 2) Cost-benefit analysis (Chapter 4)	
9/18	Institutional analysis and social interaction Government & tax policies (Chapter 12)	Robert H. Frank (2007) Douglass C. North (1991)	
9/25	Externalities and public goods (Chapters 10 and 11) Game theory (parts of Chapter 16)		First paper due
10/2	Midterm exam (Chapters 1 – 12, 16, 21 and 22)		
10/9	No class – mid-term break		
10/16	Production costs and competitive markets (Chapters 13 and 14)	Drug Dealer's Chapter 3	

10/23	Monopoly, Oligopoly and monopolistic competition (Chapters 15, 16 and 17)		Second paper due
10/30	Labor markets, Inequality and Poverty (Chapters 18, 19 and 20)		
11/6	Introduction to macroeconomics (Chapters 23 and 24)		
11/13	Economy in the long run: growth of production and natural rate of unemployment (Chapters 25 and 26)		Third paper due
11/20	Short-run economic fluctuations: Aggregate demand, supply and fiscal policy (Chapters 33 and 34)		
11/27	Regression Analysis in economics Macroeconomic Policy (Chapter 36)	Crime Chapter 5 Regression article	Fourth paper due
12/4	No class – reading day (Chapter 13 – 20, 23 – 26, 33, 34 and 36)		
12/11	Final exam		

I reserve the right to change the syllabus when necessary.



Student Registration and Payment Instructions

Course Name: Mankiw - Principles of Economics

Start Date: 08/20/2007

Professor: Frank Goetzke

Course Key: U7UB-XSWW-DKVP

You can begin working on your homework as soon as you register!

- In this course, you will use a textbook and Aplia's website.
- You will save money if you buy these together.
- You have two purchase options.
- You will have free access to the first four chapters of an online copy of your textbook at Aplia. You can access the remaining online chapters as soon as you submit a payment for your Aplia course.
- Don't buy anything until you understand your alternatives.

Registration

Registration Instructions

1. Connect to <http://www.aplia.com>.
2. Click the **System Configuration Test** link below the **Sign In** and **Register** sections to make sure you can access all of the features on Aplia's website. This takes just a few seconds and tells you how to update your browser settings if necessary.
3. Return to <http://www.aplia.com>.
 - If you have never used Aplia before, click the **New Student** button and enter your Course Key: **U7UB-XSWW-DKVP**. Continue following the instructions to complete your registration.
 - If you have used Aplia before, sign in with your usual e-mail address and password and enter your Course Key when prompted: **U7UB-XSWW-DKVP**. If you are not prompted for a new Course Key, click the **Enter Course Key** button to enroll in a new Aplia course. Enter your Course Key when you are prompted.
4. If you understand your payment options, pay now. Otherwise, postpone your purchase decision by choosing the option to pay later. Your payment grace period ends at the end of the day on 09/09/2007.

Payment

Option A: Pay Aplia Directly

- Purchase access to your course directly from Aplia on our website for \$60.00 USD. The website includes:
 - Access to an online copy of your textbook.
 - Content that has been customized for your textbook and course.
- However, if you try using the online textbook and decide you would also like a physical textbook, you can order one from Aplia for \$70.00 USD plus \$7.50 for shipping and handling.

Option B: Purchase at Bookstore

- Purchase a bundle from your school's bookstore, which includes:
 - An Apla Access Card containing a Payment Code that you can enter on Apla's website as payment for your Apla course.
 - A physical textbook.