

**Trachtenberg School of Public Policy and Public Administration**  
**PPPA 6014.O11 & 6014.10 – Microeconomics for Public Policy II**  
**Fall 2019**  
**(UPDATED 12/3)**

**Professor and Information:**

Anil Nathan ([anathan@gwu.edu](mailto:anathan@gwu.edu) , 202-994-0982)

Class Times and Location:

PPPA 6014.O11: Wednesday 3:30pm-5:20pm, 1776 G. St. (Room C-110)

PPPA 6014.10: Thursday 6:10pm-8:00pm, Gelman Library (Room 609)

Office: Media and Public Affairs 601L

Office Hours (subject to change): TBA (See Blackboard)

**Graduate Assistants:**

Musirah Farrukh ([musirah@gwmail.gwu.edu](mailto:musirah@gwmail.gwu.edu))

Office hours: TBA after September 10th (See Blackboard)

**Expected minimum time requirements:** In accordance with GW policy, this three-credit course is expected to require a minimum 112.5 hours of work (average of 7.5 hours per week over the 15-week semester). Class sessions are 110 minutes per week. Most of the time will be required for the extensive assigned reading, work on problem sets, preparation for and taking the midterm and the final exam, and the preparation of the final paper. The specified minimum of 112.5 hours is the standard level for three-credit courses but most students find this course harder than average and should expect to spend the necessary additional time to master the material and prepare a high-quality paper.

Prerequisites: PPPA 6007

<http://www.leahbrooks.org/leahweb/teaching/pppa6007/2019/subpages/lectures.html>  
or a comparable course.

**Course Content and Goals:** PPPA 6014 is intended to develop the ability to use economic analysis to analyze and evaluate the effects of public policy and focuses on using microeconomic tools and models. This will be done in 2 parts.

1. Through learning and analyzing models
2. Through reading of articles



you are responsible for ultimately understanding all the material on the notes. The remainder of the time will be spent on practice questions, additional readings, class discussions, and simulations (i.e. games) related to the economic theories covered and how they relate to public policy.

**Reading Reactions:** For indicated external readings, there will be very short (1 paragraph reaction essays. You will need to briefly discuss the topics and conclusions/opinions of the readings along with your reaction to them. These are very informal, and really used as a tool to ensure that you read what is assigned so we can have good classroom discussions. If assigned a very technical economic piece, I will direct you on what is important to read. These will be submitted through Blackboard and due on the day of class. Note that there will sometimes be a 1 class lag between the topics presented in the notes and when the relevant readings are assigned so that you are exposed to the notes in class first before reading.

**Problem Sets:** There will be approximately 6 problem sets assigned (approximately 4 will be graded). While you have less problem sets than PPPA 6007, each problem set is longer. You are encouraged to work together, but you must submit your own work. Consider these assignments as a low-stakes way to assess your mastery of the material. We will go over how to do some of the questions in class, but some questions will have you combine some concepts discussed in class and on the notes. This is by design to test you (once again, in a low stakes way) to see if you can apply multiple concepts in a new situation. Please seek as much help as you need on the problem sets!

**Exams:** There will be a take-home midterm and a take-home final exam (cumulative). You will have about 1 week to work on each one. The due-date of the midterm will be in mid-October. The date of the final exam will be around 1 week after the last class.

**Policy Brief:** There will a policy brief in which you will develop and present an economic analysis of a policy issue chosen by you. This will be due near the end of the final exam period. This will involve the submission of an abstract early in the semester regarding your idea(s). Please see the document on Blackboard regarding this paper.

**Class Participation:** As Woody Allen says, 80% of life is showing up. The other 20% (for our purposes) is being a good class citizen and doing your best to add to class discussions. Attendance will be taken at classes. However, things of course come up, so absences with legitimate reasons (illness, family, work travel, etc) are accepted.

**Grading:** Problem Sets (15%)  
Reading Reactions (5%)  
Midterm Exam (22.5%)

Final Exam (27.5%)  
 Proposal/Abstract of Policy Brief (5%)  
 Final Policy Brief (20%)  
 Class Participation (5%)

The course weighted average will be calculated and letter grades assigned approximately through the following rules:

**A: Top 15-20% of the class; A-: Next 25-30% of the class; B+: Next 25-30% of the class; B and below: Bottom 15-20% of the class.**

However, your grade will go up in your favor if your course weighted average falls in the following ranges.

**A: 93.00-100.00; A-: 90.00-92.99; B+: 87.00-89.99; B: 83.00-86.99; B- and below: <83.00**

### Tentative Class Schedule and Readings

Class	Date	Topic	Nechyba Book Chapters	Additional Readings
1	August 28th & 29th	Introduction; Review of Budgets, Tastes, and Optimization	2,4-6 (Keywords: Tastes, Preferences, Indifference Curves, Budgets, Optimization)	None
2	September 4th & 5th	Income and Substitution Effects; Grants and Transfers	7 (Keywords: Income and Substitution Effects)	TBA on Blackboard
3	September 11th & 12th	Labor Market Decisions	3.1, 8.1-8.2, 9.1-9.2 (Keywords: Labor Supply, Labor/Leisure Choice, Income/Substitution Effects in Labor Markets)	TBA on Blackboard
4	September 18th & 19th	Intertemporal Consumption	3.2,3.3,8.3 (Keywords: Intertemporal Consumption, Interest Rates, Saving, Borrowing)	TBA on Blackboard
5	September 25th & 26th	Consumer Surplus, Producer Surplus, and First Welfare Theorem	10,15 (Keywords: Welfare, Willingness to Pay, Consumer Surplus, Producer Surplus, First Welfare Theorem)	TBA on Blackboard
6	October 2nd & 3rd	Surplus in Competitive Markets	18-20 (Keywords: Price Ceilings, Price Floors, Taxes, Subsidies, Tariffs, Quotas, Immigration, Outsourcing)	TBA on Blackboard
7	October 9th & 10th	Externalities and Public Good Theory	21,27 (Keywords: Externalities, Pigouvian Taxes/Subsidies, Permits, Public Goods, Free-Riders, Preference Revelation)	TBA on Blackboard
8	October 16th & 17th	Externalities and Public Good Theory Contd.	21,27 (Keywords: Externalities, Pigouvian Taxes/Subsidies, Permits, Public Goods, Free-Riders, Preference Revelation)	TBA on Blackboard

9	October 23rd & 24th	Natural Monopolies	23.1, 23.3 (Keywords: Monopoly, Natural Monopolies, Regulation of Monopolies)	TBA on Blackboard
10	October 30th & 31st	Asymmetric Information	22 (Keywords: Asymmetric Information, Adverse Selection, Moral Hazard, Statistical vs. Preference Based Discrimination)	TBA on Blackboard
11	November 6th & 7th	Statistical Discrimination Game		TBA on Blackboard
12	November 13th & 14th	Government and Politics & Behavioral Economics	28 (Keywords: Arrow Impossibility Theorem, Condorcet Paradox, Chicago School, Virginia School)	TBA on Blackboard
13	November 20th & 21st	Behavioral Economics and Game Theory	29 (Keywords: Present Bias, Self-Control, Libertarianism Paternalism)	TBA on Blackboard
14	December 4th & 5th	Game Theory Continued	24 (Keywords: Nash Equilibrium, Simultaneous Games, Sequential Games, Complete vs Incomplete Information.)	TBA on Blackboard

<b>Tentative Assignment Due Dates PPPA 6014 Fall 2019</b>	
<b>Problem Sets</b>	
Problem Set 1	Tuesday, September 17 <sup>th</sup>
Problem Set 2	Thursday, October 3 <sup>rd</sup>
Problem Set 4	Friday, November 8 <sup>th</sup>
Problem Set 5	Friday, November 22 <sup>nd</sup>
(Problem Sets 3 is for practice only just before the midterm)	
<b>Exams</b>	
Midterm	Friday, October 18 <sup>th</sup>
Final	Saturday, December 14 <sup>th</sup>
<b>Policy Brief</b>	
Policy Brief Proposal/Abstract	Monday, October 7 <sup>th</sup>
Policy Brief	Thursday, December 19 <sup>th</sup>

## UNIVERSITY AND TRACHTENBERG SCHOOL CLASS POLICIES

### Trachtenberg School Civility Statement

Higher education works best when it becomes a vigorous and lively marketplace of ideas in which all points of view are heard. Free expression in the classroom is an integral part of this process. At the same time, higher education works best when all of us approach the enterprise with empathy and respect for others, irrespective of their ideology, political views, or identity. We value civility because that is the kind of community we want, and we care for it because civility permits intellectual exploration and growth.

University policy on observance of religious holidays

In accordance with University policy, students should notify faculty during the first week of the semester of their intention to be absent from class on their day(s) of religious observance. For details and policy, see: [students.gwu.edu/accommodations-religious-holidays](http://students.gwu.edu/accommodations-religious-holidays).

#### Academic integrity code

Academic dishonesty is defined as cheating of any kind, including misrepresenting one's own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. For details and complete code, see: [studentconduct.gwu.edu/code-academic-integrity](http://studentconduct.gwu.edu/code-academic-integrity)

#### Safety and security

In the case of an emergency, if at all possible, the class should shelter in place. If the building that the class is in is affected, follow the evacuation procedures for the building.

After evacuation, seek shelter at a predetermined rendezvous location.

Support for students outside the classroom Disability Support Services (DSS)  
Any student who may need an accommodation based on the potential impact of a disability should contact the Disability Support Services office at 202-994-8250 in the Rome Hall, Suite 102, to establish eligibility and to coordinate reasonable accommodations. For additional information see: [disabilitysupport.gwu.edu/](http://disabilitysupport.gwu.edu/)

#### Mental Health Services 202-994-5300

The University's Mental Health Services offers 24/7 assistance and referral to address students' personal, social, career, and study skills problems. Services for students include: crisis and emergency mental health consultations confidential assessment, counseling services (individual and small group), and referrals. For additional information see: [counselingcenter.gwu.edu/](http://counselingcenter.gwu.edu/)

#### Additional Trachtenberg School 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 CCAS contract for incompletes and submit a copy to the School Director.

Please consult the TSPPPA Student Handbook or visit [http://www.gwu.edu/~ccas/faculty/files/Incomplete\\_poli0.pdf](http://www.gwu.edu/~ccas/faculty/files/Incomplete_poli0.pdf) for the complete CCAS 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. Students can submit written work electronically only with the express permission of the instructor.
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: All examinations, papers, and other graded work products and assignments are to be completed in conformance with the George Washington University Code of Academic Integrity. (see <http://www.gwu.edu/~ntegrity/code.html>)

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, revise content and requirements during the semester.

### **Additional Information**

At a recent meeting of the GW Faculty Senate, President Thomas LeBlanc remarked that on the GWU campus, it is graduate students more so than undergraduates who encounter the issues with food security and even homelessness. With that in mind, the following GWU resources are listed below for your reference

Any student who faces challenges affording groceries or accessing sufficient food to eat everyday, who lacks a safe and stable place to live, and believes this may affect their performance in class is encouraged to contact the Dean of Student Affairs for support.

Furthermore, please contact your Professor if you feel comfortable doing so. This will enable her/him to provide resources she/he may know about.

Other resources you may find helpful.

- *Food Pantry on Campus* - [students.gwu.edu/store](https://students.gwu.edu/store)
- *Emergency Funding* - [financialaid.gwu.edu/emergency-funding](https://financialaid.gwu.edu/emergency-funding)
- *Mental Health Counseling* - [healthcenter.gwu.edu/mental-health](https://healthcenter.gwu.edu/mental-health)