# Economics 130: Public Policy UCSD Fall 2013 MWF 1-1:50pm Center Hall 115

### Brief Course Description

This course applies the tools of economics to study issues of public policy. Through the course, you will develop a basic set of tools for policy analysis, and gain a better understanding of several contemporary public issues.

### **Readings**

*Required* Textbook: *The Economics of Public Issues 17<sup>th</sup> edition Required* Supplemental Readings: available or linked from course website at Ted

### Course Website

I will post announcements, grades, brief notes, problem sets (which will not be collected but will be essential in your preparation for exams), practice exams and brief answer keys on our course website at Ted. <u>http://ted.ucsd.edu</u>

# Office Hours/Contact Information

Course email (use this for all general questions about course content): econ130.ucsd@gmail.com

Instructor:	Yuan Emily Tang, Ph.D.	<u>yetang@ucsd.edu</u>	W 9-11a	Econ Annex
TAs:	Ben Miller	b5miller@ucsd.edu	Th 10-11a	Sequoyah 235
	Matthew Knepper	mknepper@ucsd.edu	M 10a-12p	Econ 120
	Charles Lin	chl083@ucsd.edu	W 12-1p	Econ 124
	Ashley Sarkozi	asarkozi@ucsd.edu	Tu 1-3p	Muir Woods
Readers:	Yifei Lyu	ylv@ucsd.edu		Econ 123
	Albert Yoon	ahyoon@ucsd.edu		Econ 113

# **Evaluation**

There will be three exams: two midterms and one final exam. Each midterm will be worth 25% of your grade and the final will be worth 50% of your grade. Midterms will cover incremental material, while the final exam will be cumulative, but will place a heavier emphasis on material from the last third of the course.

Midterm 1 (in class):	Friday 10/18	1-1:50p	Center Hall 115
Midterm 2 (in class):	Friday 11/15	1-1:50p	Center Hall 115
Final Exam:	Monday 12/9	11:30a-2:30p	

# **Policies**

Exam dates are not negotiable. If you miss a midterm because of documented illness, sports, or legal reasons, then the weight of the missed midterm will be added to the weight of the final exam. If you miss the midterm for any other reason, you will receive a score of zero on the midterm. There are no acceptable reasons for missing the final-- if you miss the final, you will receive a failing grade for the course. Exams are closed-book and closed-notes. If you believe that an exam has not been properly graded, you must discuss this with the TA whom graded the relevant part of the exam within two weeks of when exams were first returned to class. A random subset of graded exams will be photocopied, and altering an exam after we have handed them back will be considered academic misconduct. Any student found guilty of academic misconduct will earn a failing grade for the course. In addition to this academic sanction, the Council of Deans of Student Affairs will impose a disciplinary penalty. The final weighted points earned will be curved in the assignment of letter grades; the following apply as the *minimum* of the letter grade you can expect to earn based on the total weighted % of points you earn in the course: 98-100%= A+, 93-97=A, 90-92=A-, 88-89=B+, 83-87=B, 80-82=B-, 78-79=C+, 73-77=C, 70-72=C-, 50-69=D, <50% = F

#### Course Content

Preliminary Course Outline (Subject to Change)

I. Introduction

Tradeoffs, Incentives, and Unintended Consequences Applications: Patents, Homeownership, Trade Restrictions

II. Competitive Markets

Pareto Efficiency Taxes and Subsidies Aggregating Individual Supply and Demand Applications: Illegal Drugs, Rent Control, Agricultural Subsidies

- III. Market Power and Natural Monopoly Market Failure Application: Utilities
- **IV. Externalities**

Market Failure Coase Theorem Pigouvian Taxes and Tradeable Permits Applications: Obesity, Pollution

- V. Public Goods and Common Property Resources Aggregating Individual Marginal Benefit Market Failure Optimal Provision Applications: Fisheries, Fire Pits
- VI. Imperfect Information and Uncertainty Imperfect Information Uncertainty and Insurance Applications: Health Care, Interpreting Statistics
- VII. Benefit-Cost Analysis Philosophical Basis Valuation of Benefits and Costs Discounting Future Benefits and Costs Applications: Safety Regulation

### VIII. Income Redistribution Equity Criteria Applications: Trends in Inequality, Wage Differentials, Minimum Wage, Social Security, Education