

Economics 130: Public Policy
UCSD Summer Session 2, 2014

MW 11:00–1:50 p.m.
CSB 005

Instructor: Ivan Major, imajor@ucsd.edu
Office: SSB #482
Office hours: MW 2:00–2:50 p.m.
TA: -

Brief Course Description

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

Readings

Required Textbook: The Economics of Public Issues 18th edition

Required Supplemental Readings: available from the course's website at TED Course Website.

I shall upload lecture notes on TED that also include readings and video references (links).

Other requirements

Regular class attendance is important because the lectures will contain information that are not included in the readings. You should also stay informed about current events and public policy debates. You need to prepare one presentation in a team on a topic that I'll assign to your team.

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: <http://ted.ucsd.edu>

Evaluation

There will be two exams: one midterm and one final exam. The final exam will be non-cumulative. Your grade will be calculated based on the following:

Midterm exam	30%
Final exam (non-cumulative)	50%
Team presentation and participation in the class discussions	20%

Midterm exam (in class): Wednesday, 08/20/2014 11:00 a.m.–12:50 p.m., CSB 005

Final exam: Friday, 09/05/2014 11:30 a.m.–2:30 p.m., TBA

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 me within two weeks of when exams were first returned to class. 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:

A+	98-100%
A	93-97%
A-	90-92%
B+	88-89%
B	83-87%
B-	80-82%
C+	78-78%
C	73-77%
C-	70-72%
D	50-69%
F	<50%

Course Content

MBN refers to Miller, Benjamin and North *The Economics of Public Issues*. The other readings are available through the internet or TED.

August 4 (Monday)

I. Introduction

Tradeoffs, Incentives, and Unintended Consequences

Applications: Patents, Homeownership, Trade Restrictions

Readings: MBN Chs. 1-5, 31.

August 6 (Wednesday)

II. Competitive Markets

Pareto Efficiency

Taxes and Subsidies

Aggregating Individual Supply and Demand

Applications: Illegal Drugs, Rent Control, Agricultural Subsidies

Readings: MBN Chs. 6, 7, 10.

Team 1 gives presentation

August 11 (Monday)

III. Market Power and Natural Monopoly

Market Failure

Application: Utilities

Readings: MBN Chs. 16, 18-19.

Team 2 gives presentation.

August 13 (Wednesday)

IV. Externalities

Coase Theorem

Pigouvian Taxes and Tradeable Permits

Applications: Obesity, Pollution

Readings: MBN Chs. 21, 25–28.

Team 3 gives presentation.

August 18 (Monday)

V. Public Goods and Common Property Resources

Aggregating Individual Marginal Benefit

Market Failure

Optimal Provision of public goods

Applications: Fisheries, Fire Pits

The Tragedy of the Commons and Anti-Commons

Readings: Chs. 8, 9, 20, 22

Team 4 gives presentation.

August 20 (Wednesday)

Midterm exam

August 25 (Monday)

VI. Imperfect Information and Uncertainty

Imperfect Information

Uncertainty and Insurance

Applications: Health Care, Interpreting Statistics

Readings: MBN Chs. 23–24.

Team 5 gives presentation.

August 27 (Wednesday)

VII. Benefit-Cost Analysis

Philosophical Basis

Valuation of Benefits and Costs

Discounting Future Benefits and Costs

Applications: Safety Regulation

Readings: MBN Chs. 17.

Team 6 gives presentation.

September 1 (Monday)

VIII. Income Redistribution

Equity Criteria

Applications: Trends in Inequality, Wage Differentials, Minimum Wage,

Social Security, Education

Readings: MBN Chs. 11–15.

Team 7 gives presentation.

September 3 (Wednesday)
Final review and discussion

Team 8 gives presentation.

September 5 (Friday)
Final exam