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**Graduate Program in Public Administration  
College of Urban Planning and Public Affairs  
University of Illinois, Chicago**

**PA 410: Economics for Public Administration  
CPN: 17141 and 17211  
Summer 2010**

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Overview: The course is an applied intermediate microeconomics course geared towards professional master degree students in public administration and policy. The course will develop theory not for its own sake, but to provide the tools and understating of economic behavior necessary to address the needs and problems of society. Hence, the focus of the course will be the application of theory to practice. The course assumes no previous study of economics and starts from the basics. An introductory and an intermediate course in microeconomics cover the same topics—the only difference being the formal development of demand and supply in an intermediate course. The more thorough development of the “theory of the consumer” and the “theory of the firm” is needed when looking at such topics as intergovernmental fiscal policy and land markets which are important areas in public administration and policy.

Format: The class will meet in Art and Design Hall (ADH) 2232 on Tuesdays and Thursdays from 6:00pm to 9:00pm. There will be a break of approximately 15 minutes towards the middle of the class. About two hours of each class will be devoted to lecture. The remainder of the class will be discussions, presentations of cases and review of homework and problem sets. Students are expected to prepare for class by doing class readings and preparing other materials as assigned prior to class meetings. All students are expected to participate in discussions and be prepared to answer relevant questions about the readings, cases and the homework.

Students are expected to attend all classes. The instructor will not take attendance on a regular basis, but reserves the right to do so at any time. Many lectures will cover material not included in the readings or will present the reading material in a different context, so it is important that students attend classes.

Office Hours: Office hours are Tuesdays and Thursdays from 3:30pm to 5:00pm in CUPPA Hall 145. If those times are not convenient, other hours can be arranged by appointment. Office hours are scheduled to provide students with individual assistance outside of scheduled class meetings. Students are encouraged to make use of office hours, and not let problems or difficulties slip till the end of the term.

Readings: The required text for the course is *Principals of Microeconomics*, 4<sup>th</sup> edition, by Joseph E. Stiglitz and Carl E. Walsh (ISBN: 0-393-92623-0 for the paperback version) which is in the UIC Bookstore. Students may also wish to purchase the book on the internet. There are significant changes between the 3<sup>rd</sup> and 4<sup>th</sup> editions, so students are strongly encouraged to get the 4<sup>th</sup> edition.

Students should also purchase *Study Guide for Principles of Microeconomics, 4<sup>th</sup> edition* by Lawrence W. Martin (ISBN: 0-393-92828-8 for the paperback version). The *Study Guide* contains problems and more detailed explanations of many of the formal models introduced in the text. Since the text does not contain problems, the homework assignment will be from problems in the *Study Guide*. Students may want to go together to purchase the *Study Guide* to share.

“Blackboard” will be used for supplemental readings, cases and problem sets. Most of the supplemental readings will be available on the internet through *jstor*. Supplemental readings will be posted at least a week before they must be read, along with the URL number where they may be found. There will be two cases and bi-weekly problem sets which will be posted at least a week before they are due.

Assignments: Economics is not a spectator sport/activity. To learn economics you must become a participant. This is achieved through exercises. There are two types of exercises in this course. First is the traditional problem set. Problem sets will be assigned on a bi-weekly basis. Problem sets are for your own learning and not assessment, so they will not be handed in and graded. You should, however, complete the problem sets by the due dates and write them up as if they were graded. Answers will be posted on the due dates, but students should not consult them until they have tried and written up answers on their own. Consulting the answers prior to completing the problems defeats the purpose of the problems. The second type of assignments is the case study. The Stiglitz and Walsh text, lectures and problem sets develop the foundation, but the application of theory in a policy context requires the use of case studies. There will be two case studies in the course. The case studies give the student the opportunity to address the economic dimensions of issues in public administration and policy and to use economic tools to analyze a problem and make recommendations. Case memos are written to a fictitious manager or policy maker, not the instructor. They are to be typed, double spaced, and no longer than two pages (700 words). They are graded on style and presentation, as well as content. Cases are due at the beginning of class on the days when the case will be discussed. **NO** late cases will be accepted.

Students are encouraged to work in study groups on the problem sets and cases. For cases the group work is to be limited to discussions of issues and the approach to the

problem. For cases each student must individually do their own calculations, if required, and write the memo on their own with no help from other students.

Exams:

There will be two term exams and a final exam. The term exams will be held during regular class sessions and will be approximately two hour long. The final exam will be two hours during the two day final period at the regular class time at the end of the term. The term exams will focus on material covers since the previous exam. The final exam will be comprehensive but will be weighted towards the material covered in the last three class meetings. The exams will be closed book and feature a mix of problems and mini cases. On the mini cases you must address the issues posed in the case—no credit will be given for irrelevant and extraneous information.

Grading:

Grades in the course will be based on the following:

Cases	20 percent (10 percent each)
Term Exams	50 percent (25 percent each)
Final Exam	30 percent

All students are expected to participate in class discussion. Active participation will help students develop two important skills: the ability to talk clearly about analytical issues and the ability to make constructive contributions to group discussions. In order to encourage the free exchange of ideas, students will not be graded directly on their performance in class. However, the instructor reserves the right to adjust the final grade up or down by at most five percentage points for students whose contributions are particularly valuable or whose contributions are counter-productive or do not participate.

Plagiarism and cheating are taken very seriously and penalized severely. If you are caught plagiarizing an assignment or cheating on an exam, you will receive a grade of “F” for the course—no exceptions. The instructor also reserves the right to pursue further sanctions for academic dishonesty in accordance with university guidelines. Guidelines regarding academic integrity at UIC are available online at <http://www.uic.edu/depts/sja/integrit.htm>, and sanctions for academic dishonesty are available at <http://www.uic.edu/depts./sja/chpt3.htm#3>.



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**CLASS SCHEDULE AND READINGS**

Tuesday, June 15	<b>Introduction</b> Read: Stiglitz and Walsh, chapters 1 and 2
Thursday, June 17	<b>Demand and Supply—Part 1</b> Read: Stiglitz and Walsh, chapter 3 Problem set 1 due
Tuesday, June 22	<b>Demand and Supply—Part 2</b> Read: Stiglitz and Walsh, chapter 4 Problem set 2 due Market game
Thursday, June 24	<b>Theory of the Consumer</b> Read: Stiglitz and Walsh, chapter 5 Problem set 3 due
Tuesday, June 29	<b>Theory of the Firm, Part 1</b> Read: Stiglitz and Walsh, chapter 6 Problem set 4 due Case 1: Dime Time
Thursday, July 1	<b>Theory of the Firm, Part 2</b> Read: Stiglitz and Walsh, chapter 7 Problem set 5 due
Tuesday, July 6	<b>Exam 1</b> Problem set 6 due
Thursday, July 8	<b>Labor Markets</b> Read: Stiglitz and Walsh, chapter 8

Tuesday, July 13	<p><b>Capital Markets</b></p> <p>Read: Stiglitz and Walsh, chapter 9</p> <p>Problem set 7 due</p>
Thursday, July 15	<p><b>Market Structure: Perfect Competition and Efficiency</b></p> <p>Read: Stiglitz and Walsh, chapter 10</p> <p>Problem set 8 due</p> <p>Case 2: The Westside Highway</p>
Tuesday, July 20	<p><b>Market Structure: Monopoly</b></p> <p>Read: Stiglitz and Walsh, chapters 11 and 12</p> <p>Problem set 9 due</p>
Thursday, July 22	<p><b>Exam 2</b></p> <p>Problem set 10 due</p>
Tuesday, July 27	<p><b>Market Failures: Regulation</b></p> <p>Read: Stiglitz and Walsh, chapter 13</p>
Thursday, July 29	<p><b>Market Failures: Public Goods</b></p> <p>Read: Stiglitz and Walsh, chapter 17</p> <p>Problem set 11 due</p>
Tuesday, August 3	<p><b>Market Failures: Externalities and Environmental Economics</b></p> <p>Read: Stiglitz and Walsh, chapter 18</p> <p>Problem set 12 due</p>
Thursday, August 5	<p><b>Final Exam</b></p> <p>Problem set 13 due</p>