

Economics 130 (B00): Public Policy
UCSD Spring 2016
MWF 11-11:50am
Center Hall 105

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 18th 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. <http://ted.ucsd.edu>

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. yetang@ucsd.edu M 7:45a-9:45a Econ 109

TAs: Sarojini Hirschleifer shirschleifer@ucsd.edu Tu 10a-noon (Weeks 6-10) Sequoyah 226

Michael Levere mlevere@ucsd.edu Tu 10a-noon (Weeks 2-5) Sequoyah 208

Briana Sullivan bdsulliv@ucsd.edu W 1-3p Econ 123

Evaluation

I will assign letter grades based on your performance on two midterms and one final exam, weighted as follows: Midterm 1: 20%, Midterm 2: 30%, Cumulative Final: 50%

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.

Important Dates

Midterm 1 (out-of-class): Friday, April 15 6-6:50p Warren Lecture Hall 2001

Midterm 2 (out-of-class): Thursday, May 12 7-7:50p Peterson Hall 108

Final Exam: Friday, June 10 11:30a-2:30p Center Hall 105

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 who 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: International Trade Restrictions, Patents

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: Pollution, Obesity

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