

SPCN-V 517: Public Management Economics

Fall Semester 2024 Syllabus *

Professor: Alberto Ortega
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Time & Place: *Relative*

Make sure to read the footnotes¹

Course Description:

This course presents the economic concepts, relationships, and methods of analysis that are relevant for public sector management decisions and policy analysis. Basic concepts and principles such as demand, production, cost, pricing, and cost-benefit analysis are discussed. The course builds on these concepts to demonstrate the importance and usefulness of economic analysis in public sector decision-making. The focus of this course is economics. Within that focus, I have selected class materials and topics that present a variety of topics and arguments. It is often the case that connections between our course and current and/or historical events outside the classroom will come up in materials, lectures and assignments. Applying the economic way of thinking to analyze ideas and events is a core skill with professional value and a life skill.

Course Page(s): IU Canvas. Important announcements are distributed through Canvas or email. You should check your IU email and the canvas inbox regularly.

Office Hours: All office hours are on zoom. You can book an appointment with me via this link <https://calendly.com/alorte>. **Note that you must book an appointment at least 48 hours before the meeting times.** Use the following link for Zoom office hours: <https://iu.zoom.us/j/89030384810>. I am also excellent at replying to emails.

Our course TA, Rana Al Saad, will also assist with office hours and grading, and I encourage you to meet with her.

About the Textbook(s): V517 is an unusual class from a textbook perspective. Most microeconomics textbooks are written for a business school audience at either a principles (introductory) or intermediate (econ undergraduate major or master's) level. V517 starts from the perspective that you have no background in economics and then gives you an accelerated tour that brings you to a master's equivalent

*Syllabus is subject to change

¹Good start!

level. Future coursework at SPEA can build from this level in giving you the tools necessary to study the problems in your field of concentration. Unfortunately, no textbooks on the markets propose to solve this problem. Nonetheless, I propose that you get two textbooks: *Economics and Tax Policy* and *Principles of Microeconomics*.

Although, the textbook *Economics and Tax Policy* solves none of the issues I have described, at least it is free (in the accounting sense before the cost of printing). *Principles of Microeconomics* is also an excellent book to have as it provides non-technical explanations of the concepts in the course. If purchasing this book, please buy an older used version or e-book, which can cost as little as \$40.²

- *Economics and Tax Policy*. Lincoln Institute of Land Policy, by Karl E. Case. Available at Canvas or for free download from <http://www.lincolninst.edu/>
- *Principles of Microeconomics*, by Gregory Mankiw (ISBN: 978-0538453042)

Reading Assignments *The assignments of the class are based entirely on the Module lecture presentations. If reading from the textbook or other sources is required, it will be explicitly stated. If you are stuck on a homework problem, you should check with the module lectures first.* In the subsequent pages, you will see two types of content associated with each lecture: "Readings" and "News." The "Readings" genre are materials whose purpose is to educate the reader on economics. "News" are journalistic articles, videos, or podcasts to which you can apply the material you have learned in class to explain the phenomenon occurring in the stories. I may also cite papers in class that define the topic or are otherwise interesting reviews written by academics.

Assignments:

Module Assessments	170 pts
EconTalk Assignments	25 pts
Forum Postings	80 pts

Letter Grade Distribution: The total sum (or maximum number) of points is 275. Below are the percent cut-offs for each grade. Note that no Rounding will be employed. University policy is that a grade of "C" is required for this course to count towards degree completion (i.e., V517 must be retaken if the course grade is "C-" or lower.)

97%	A+	77%	C+
93%	A	73%	C
90%	A-	70%	C-
87%	B+	67%	D+
83%	B	63%	D
80%	B-	60%	D-

²As of writing this syllabus.

Late Assignments/Make-Up: Canvas automatically deducts 4% of the points per hour until all points are exhausted (25 hours). You should contact the professor as soon as possible if extenuating circumstances will prevent you from turning an assignment in on time.

Module Assessments (170 pts. total): There are eight total module and every module has assessments. They are primarily multiple-choice questions, though some later modules may have open-ended, problem-solving questions. I suspect the assessments may take between 2-4 hours.

EconTalk Assignments (25 pts. total): These will be two brief quizzes based on podcasts episodes related to the course concepts.

Forum Contributions (80 pts. total): During the course, you must make at least three (3) "significant" and four (4) "contributing" posts to the message board forums. **Each "significant" post is worth 20 points (a total of 60 points). Each "contributing" post is worth 5 points (a total of 20 points).** There are currently eight possible forums to contribute. These promote discussion and interaction between you and your peers. In a single module forum, I will take no more than 1 "significant" post and two contributing posts as your grade. **Note that at the beginning of your significant post, you must indicate that this will be a significant contribution in bold letters.**

The quality of A "significant" contribution is left to the instructor's discretion. Generally, it should be one of the first posting in a thread of discussion. It will be thoughtful, detailed, raise new issues, and contain excellent spelling and grammar. It should be on the longer side, at least 350 words. When appropriate, it should embed links to outside content. Note that just because you denote a contribution as significant does not mean that it is so. The final determination is up to my discretion. Thus, if your "significant" post does not meet the standards outlined here, your score will suffer. **Note that at the beginning of your significant post, you must indicate that this will be a significant contribution in bold letters.**

Significant contributions will also generate follow-up comments, "contributing" posts, from your classmates to keep the discussion going. These can be shorter, 100-150 words, but should also be substantive intellectual contributions. You can make less substantive contributions to the forums (asking for clarification or a short observation), but they will not necessarily be considered "contributing" posts by the instructor. Our TA will also be assisting me in reading and grading your posts.

Content of Contributions: The intention is not to discuss for discussion's sake but to practice economic thinking. The most common form of a low-quality post is a student just posts about how they feel about the subject, their opinion on the morality/ethics of the subject, or banal references to "what is just" in the circumstance. These are overwhelmingly rote, boring, and careless in their thinking. One does not need to take a graduate course in economics to make them usually. However, a great way to make a good significant post is to carefully apply the concepts learned in class to a current event or to some event relevant to your job or life experience. You can discuss equity, justice, and ethics questions, but you should undertake them using the economic way of thinking. As you learn in the first module, economics is overwhelmingly a study of trade-offs, so naturally, it contributes significantly to economics. At the end of this syllabus there are a few examples of good significant contributions.

Frequently Asked Questions

- What is the least I can do to have a chance at 100% grade on the Forum component? Write a “significant” post on 2 of the 8 module forums. Write two contributing posts on 2 of the eight forums. An extension of this is that if you don’t start contributing by Module 5, there is no chance at a 100%.
- How do I know if I have written a “contributing” post? After the forum closes, it will be graded and then you will know how it was categorized. It is entirely my decision, but the above guidelines should help you know.
- Suppose I write two “Significant” forums on a single Module Forum, how will that be graded? I will try to pick the best one; however, you should focus on one significant contribution.
- Suppose I write three or more “contributing” forums on a single Module Forum, how will that be graded? I will pick the best two and record it as a grade that counts towards two of your four posts.
- Suppose I write one “significant” and two “contributing” posts on all eight modules. How would my grade be calculated? I will take your three highest “significant” and four highest “contributing” grades. In other words, I would drop the 4 lowest significant and 10 lowest contributing grades.
- How long will I have to make a forum contribution? The dates are set in Canvas. Typically, a forum will be open for roughly three weeks.

Course Policies & Student Responsibilities:

O’Neill School expectations of civility and professional conduct

The O’Neill School takes matters of honesty and integrity seriously because O’Neill is the training ground for future leaders in government, civic organizations, health organizations, and other institutions charged with providing resources for the public, and for members of society who are vulnerable and who are lacking in power and status. Precisely because O’Neill graduates tend to rise to positions of power and responsibility, it is critical that the lessons of honesty and integrity are learned early. O’Neill requires that all members of its community— students, faculty, and staff – treat others with an attitude of mutual respect both in the classroom and during all academic and nonacademic activities outside the classroom (including online). A student is expected to show respect through behavior that promotes conditions in which all students can learn without interruption or distraction.

Use of AI (such as ChatGPT): **Using AI (such as ChatGPT) to assist in completing assignments in this class is prohibited.** If you do use AI, you will be committing plagiarism* and will be subject to penalties in this class and sanctions by Indiana University.³ I also have used these chatbots and taught many courses where I am able to discern the difference between a student’s writing and those of virtual assistants. **If I suspect that your submission is not your own, I reserve the right to ask you to resubmit the assignment and deduct points from your grade as I see fit.**

Responsibilities: **I will consider your continued enrollment in this course equivalent to accepting all of the responsibilities and policies outlined in this syllabus.** If something is not clear please contact me

³Plagiarism: Plagiarism is defined as presenting someone else’s work, including the work of other students, as one’s own. Any ideas or materials taken from another source for either written or oral use must be fully acknowledged, unless the information is common knowledge. What is considered “common knowledge” may differ from course to course. <https://studentcode.iu.edu/responsibilities/academic-misconduct.html>.

immediately. Students are expected to participate actively in this course.

Late Withdrawal: The auto-W deadline is NO LONGER THE LAST DAY OF CLASS (as it was during and post-Covid). After the auto-W deadline, withdrawal will be significantly limited and you will need permission to withdraw and must meet requirements established by O'Neill.

Note Selling: Several commercial services have approached students regarding selling class notes/study guides to their classmates. Selling the instructor's notes/study guides in this course is not permitted. Violations of this policy will be reported to the Dean of Students as academic misconduct (violation of course rules). Sanctions for academic misconduct may include a failing grade on the assignment for which the notes/study guides are being sold, a reduction in your final course grade, or a failing grade in the course, among other possibilities. Additionally, you should know that selling a faculty member's notes/study guides individually or on behalf of one of these services using IU email, or via Canvas may also constitute a violation of IU information technology and IU intellectual property policies; additional consequences may result.

Materials: The faculty member teaching this course holds the exclusive right to distribute, modify, post, and reproduce course materials, including all written materials, study guides, lectures, assignments, exercises, and exams. While you are permitted to take notes on the online materials and lectures posted for this course for your personal use, you are not permitted to re-post in another forum, distribute, or reproduce content from this course without the express written permission of the faculty member. Any violation of this course rule will be reported to the appropriate university offices and officials, including to the Dean of Students as academic misconduct.

Academic Dishonesty: Cheating and plagiarism will not be tolerated. Definitions of various types of academic misconduct and University policies for dealing with violations are included in the Code of Student Rights, Responsibilities, and Conduct; see <http://studentcode.iu.edu/> for more information. Any student found cheating, plagiarizing, or working with another student (including providing or receiving assistance) in an unauthorized manner will receive a zero for the assignment and/or a failing grade for the course, and the incident will be reported to the Dean of Students. Other sanctions are possible. Please refer to the following link for information on general academic policies pertaining to this course: https://spea.indiana.edu/doc/undergraduate/ugrd_student_honorcode.pdf

Resources:

1. Class Resources:

- Keep up with the course materials and lectures– cramming does not lead to a full comprehension of the material. After each lecture, review your notes, and test whether you understand a particular concept.
- A ruler and different color pens or color pencils may facilitate the drawing of graphs.

2. Students with Learning Differences: If you have a learning difference and need my help in making

this course fully accessible to you, please feel free to contact me, either in person or through the Division of Student Affairs (812-855-7578). For information about support services or accommodations available to students with disabilities, and for the procedures to be followed by students and instructors: <https://studentaffairs.indiana.edu/student-support/disability-services/index.html>

3. **General Wellness:** The college experience provides an opportunity for not only academic learning but personal growth. However, this time can be accompanied by stress. If you are having difficulties in any course or your personal life in general, please seek help from me or another faculty member. I also encourage you to use the services of the IU Health Counseling and Psychological Services. Indiana students have free, 24/7 access to virtual mental health care services with TimelyCare. Students do not need insurance to access TimelyCare services. <https://www.iu.edu/mental-health/find-resources/timely-care.html>
4. **Sexual Harassment.** As your instructor, one of my responsibilities is to help create a safe learning environment on our campus. Title IX and our own Sexual Misconduct policy prohibit sexual misconduct. If you have experienced sexual misconduct, or know someone who has, the University can help. If you are seeking help and would like to talk to someone confidentially, you can make an appointment with:
 - The Sexual Assault Crisis Service (SACS) at 812-855-8900
 - Counseling and Psychological Services (CAPS) at 812-855-5711
 - Confidential Victim Advocates (CVA) at 812-856-2469
 - IU Health Center at 812-855-4011

For more information about available resources: <http://stopsexualviolence.iu.edu/help/index.html>. It is also important to know that federal regulations and University policy require me to promptly convey any information about potential sexual misconduct known to me to our campus' Deputy Title IX Coordinator or IU's Title IX Coordinator. In that event, they will work with a small number of others on campus to ensure that appropriate measures are taken and resources are made available to the student who may have been harmed. Protecting a student's privacy is of utmost concern, and all involved will only share information with those that need to know to ensure the University can respond and assist. I encourage you to visit <http://stopsexualviolence.iu.edu/help/index.html> to learn more.

Significant Dates

Week	Start Date	Due Dates
1	August 26	August 26: Module 1 Available August 26: EconTalk Price Gouging Available
2	September 2	September 2: EconTalk Assignment "Munger on Price Gouging" Due @ 8am September 2: Module 2 Available
3	September 9	September 9: Module 1 Assessment due @ 8am
4	September 16	September 16: Module 3 Available
5	September 23	September 23: Module 2 Assessment Due @ 8am September 23: EconTalk Invisible Hook Available
6	September 30	September 30: Module 4 Available
7	October 7	October 7: Module 3 Assessment Due @ 8am
8	October 14	October 14: EconTalk Invisible Hook Due @ 8am October 14: Module 5 Available
9	October 21	October 21: Module 4 Assessment Due @ 8am
10	October 28	October 28: Module 6 Available
11	November 4	November 4: Module 5 Assessment Due @ 8am
12	November 11	November 11: Module 7 Available
13	November 18	November 18: Module 6 Assessment Due @ 8am
14	November 25	Break/Catch-up/Review
15	December 2	December 2: Module 8 Available
16	December 9	December 9: Module 7 Assessment Due @ 8am
	December 16	December 16: Module 8 Assessment Due @ 8am

Examples of Significant Contributions

- **Example 1:** "Congress is considering limiting legal liability of businesses that open and see their workers and/or customers contract COVID-19. Contagious diseases are externalities, and the ability of the legal system to hold people financially accountable for their harms is a standard "Coasian" approach economists often recommend, so limiting liability works against that approach. On the other hand, predatorily litigious people are also externalities, in that they attempt to use the high costs of the legal system to extract out of court settlements. Since it is difficult to establish true fault in public health cases, it is possible that these cases will substantively induce costs on many non-negligent businesses, and that to avoid the risk they will simply not resume activity or be forced to pass much higher costs along to their customers to accommodate the legal risk. Furthermore, liability may discourage business cooperation with testing and contract tracing where it exposes them to greater legal risk, such as notifying their customers if they discover they've been exposed to an outbreak. Therefore, the policy choices are not only competing concerns for how to improve public health, but also what types of mischievous behavior will be encouraged and who will be harmed by them."
- **Example 2:** "I'd like to reconsider childcare from a Coasian policy perspective. Childcare is an industry with many positive externalities. If I find affordable childcare that I trust for my son, I can more easily have a career outside the home. Daycare providers are doing much more than just caring for children; they are allowing parents who desire to do something besides stay home raising children, whether that be work, volunteer, get an education, etc., that ability. Those things all positively influence society. Unfortunately, the cost of childcare has been steadily rising, forcing parents to choose between paying a significant amount for daycare or giving up their careers to avoid inflated childcare costs. It is estimated that the cost of daycare has risen over 40% since the pandemic hit and expected that those costs will continue to rise as daycare workers leave the industry in droves for higher pay or better benefits."

Currently, the government helps parents struggling with the high costs of childcare by offering Pigouvian subsidies in the form of tax breaks. This year the subsidy was expanded to allow any parent paying for childcare to write off up to 50% of daycare expenses up to \$8,000 for one child or \$16,000 for two or more. It is interesting to consider how the industry would change if the government instead offered tradable permits for childcare spots that they distributed to parents for an affordable rate via lottery. It could help to address the uncertainty of absurdly long waitlists that many parents face, as the government would only create as many permits as childcare centers could accommodate. However, it would not necessarily address the issue of cost. Although the permits would originally start out at an affordable rate, a secondary market would occur where parents buy and sell permits according to how much they value childcare. Parents with the highest paying jobs likely value childcare more and have the ability to pay more for a permit. Supply and demand would determine the market value of a permit, but that value might be much higher than a parent with a lower paying job is able or willing to spend.

Permits could potentially impact the quality of childcare as well. Currently, since childcare centers are responsible for setting their own rates, the market is driven by competition. Centers with a

reputation of high-quality care and more amenities can charge more, and parents are willing to pay it to get a better experience for their children. However, if the permits offered are not center-specific and centers are all paid the same price per permit by the government, one center has no incentive to perform better than another. Again, this could potentially open a secondary market or “black market” where parents are offering high-quality, more desirable centers payment plus their permit to be guaranteed a spot.

A Coasian approach to making childcare affordable would most likely benefit those with higher-paying jobs and more money to dedicate to childcare. The current Pigouvian subsidy benefits lower-earning families more, as they can claim the largest percentage of childcare expenses on their taxes. I think the Pigouvian approach works best to even the market allowing all families more access to childcare which is the end result, even if it is not technically as market efficient as a Coasian approach would be. "

- **Example 3:** “Using the definitions of choice and coercion from this week’s lectures, I argue that the higher education accreditation process seems like a choice but is actually coercion. Education Next explains that “accreditors are the private, nonprofit trade organizations responsible for accrediting colleges. The federal government recognizes these organizations as accreditors through recommendations made by the National Advisory Committee on Institutional Quality and Integrity (NACIQI), part of ED.” Most accrediting agencies started in the late 19th century, offering membership into their association to colleges willing to pay dues and meet certain standards. This membership was used for marketing and recruitment. At that time, accreditation truly was a choice.

Today, universities are still technically allowed to operate without approval from an accrediting body. However, current federal laws prohibit universities that do not participate in a nationally-recognized accreditation program from offering federal subsidies, such as federally subsidized loans or Pell grants, to help their students pay for college. As a result, non-accredited institutions struggle to recruit students, particularly as the costs of higher education continue to climb.

Additionally, non-accredited institutions suffer from negative reputations. Countless articles exist on why accreditation matters and why students should choose an accredited institution, even though accrediting bodies rarely focus on student outcomes. “Because accreditors are free to define student achievement as they see fit, colleges with poor student outcomes often continue to earn accreditation.” Unaccredited universities are painted as less-than and lacking, despite the fact that they could be even more student success-focused than an accredited agency. These two things combined make it extremely difficult to thrive as an unaccredited university.

Accreditation is an extremely expensive process. “Colleges have estimated that it costs over \$1 million to participate in an accreditation review, largely in the form of administrator and staff time. And the accreditation process takes years to complete.” At the medical school where I work, we are four years into an 8-year accreditation, and we are already having Town Halls and other meetings in preparation of the next review.

After considering these facts, it feels reasonable to call accreditation a coercion. Universities practically must pay accrediting agencies and follow their rules to become a competitive institution and recruit students. Accreditation is not the only way to focus on high-quality education and student

outcomes, so universities do not “need” their services in this way. They only need accreditation because it is nearly impossible to exist without it.”