

Econ 604
Microeconomics and Public Policy

Instructor: Professor James Mak
Meeting Time: Tuesdays and Thursdays from 3:00 p.m. till 4:15 p.m.
Meeting Place: Saunders 637
Instructor's Office: Saunders 532
Office Hours: TTh 1:30-2:30 and by appointment
Office Ph. No.: 956-8280
Email: jmak@hawaii.edu (I encourage you to communicate me via email).

Pre-requisites: Admitted to any Graduate Program at UHM. However, graduate students in economics cannot enroll in this course. I assume that students will come from diverse backgrounds. Students are not expected to have taken calculus prior to enrolling in this course; however, being “comfortable” with algebra and graphs will be big assets.

Course Description: The purpose of this course is to develop the skills of microeconomic modeling and the principles of welfare economics used in policy analysis. “Policy analysis involves the application of social science to matters of public policy.” Microeconomics is the study of resource allocation choices, and microeconomic policy analysis is the study of those special choices involving government. A typical module begins by developing a few principles from beginning/intermediate level theory and use them to construct and apply models to policy issues. The issues are diverse and cut across the traditional applied fields of public finance, industrial organization, labor economics, and so on. Overall, the course illustrates how the microeconomic models are used as tools to design, predict the effects of, and evaluate public policies.

The layout of the chapters in the book that we will be using begins with principles and then shows how they are applied in specific policy contexts. Because students come with little or no economics background and from diverse disciplines, it is my plan to develop the principles through classroom lectures. The students will then lead the discussion of the applications. Individual students may be assigned to lead discussion of selected policy issues. Additional case studies may be assigned, time permitting.

There are 27 classes (excluding holidays and mid-term). So it will be impossible to cover the entire book (20 chapters). I hope to cover 15 chapters. The last 5 chapters are application chapters and, time permitting, the class shall select one or two topics to cover.

Textbook: Lee S. Friedman, *The Microeconomics of Public Policy Analysis* (Princeton: Princeton University Press, 2002).

Assignments/Tests: Short-writing/problem solving assignments (2-3 pages in length) besides the readings. A group research project (but each student is expected to hand in his/her own final paper). I've attached newspaper articles re hot issue that's being debated in Honolulu right now: Analysis of Bill 35—how to tax farm land in Honolulu—or, the class can suggest another topic. Decision has to be finalized by the

end of the first month of classes. A mid-term and final exam will comprise the remaining requirements of the course.

Grading: I will not be using + or – grading in this course. Homework, mid-term, final, and paper will each comprise 25% of the semester grade.

Final Exam is scheduled for Thursday, Dec. 16 at 2:15 p.m.