Politics is about “who gets what, when and how.”
Lasswell (1951)

“Scarcely any political question arises in the United States which is not resolved, sooner or later, into a judicial question.”
Alexis de Tocqueville, Democracy in America (1832)

“This syllabus is subject to modification.

OVERVIEW

Economics for Policy Analysis I is the first course in a series of courses continuing throughout the program designed to prepare doctoral students with the essential principles of microeconomics and macroeconomics in relation to a wide range of law and public policy issues across global, domestic, national, state, and local domains. The core course program emphasizes joint analysis of law, policy and economics as a multidisciplinary dimension in considering both domestic and international public policy decision making by governmental actors and the role of economics as both a source and determinant of power and influence. Using case methodologies, legislative models and other teaching pedagogies, doctoral students master and apply fundamental law and economic theories together with political economy, sociology, cultural phenomena and other cross disciplinary tools in assessing, evaluating and solving a range of public policy problems and legal issues. The core course program offers doctoral students opportunities to survey, study and review the law, policy and economics normative literature, theoretical scholarship and empirical studies. The objective of the Core course program is to focus on developing a sound mastery and understanding of fundamental conceptual and foundational tools of “predictive analysis” including but not limited to the problem of maximizing society’s production and allocation of resources subject to both quantitative and qualitative constraints. Examples of other topics to be explored include Coase Theorem bargaining, agency theory, signaling and private incentives, public goods, rent seeking, moral hazard, externalities, risk and uncertainty, present value, cost benefit analysis, wealth redistribution, welfare economics and criteria for assessing public policy outcomes such as Pareto optimality or Kaldor-Hicks efficiency. Doctoral students examine numerous case studies demonstrating policy analysis tradeoffs that must be weighed and measured when market failure exists including the intended benefits,
outcomes, effects and unintended consequences of government intervention as applied to formal and informal legal, economic, political, social and cultural contexts.

CLASS FORMAT
Though lectures are part of this course and program. **This is not a traditional lecture-style course.** This program is not structured like a Master’s-level program. This is a doctoral-level program. Socratic method, student presentations, structured and/or assigned discussion participation, asynchronous weekly online assignments and discussions, and various learning activities are utilized.

Doctoral students are required to complete all readings, and be prepared to participate in all class activities, including online weekly assignments and discussion boards. During the monthly weekend intensives, students are called on randomly to explain their view of the readings for the class and to provide their perspectives. Advance preparation and timely completion of all assignments is required and critical to student success.

Faculty recognizes that a significant amount of reading and writing are assigned each week and understand that this is a rigorous doctoral program. Faculty work with students to provide some flexibility for extenuating circumstances, but the demands and requirements of this program are not flexible. You are responsible for allocating an appropriate amount of time to complete these assignments. This time simply must be allocated. Students must acquire knowledge and develop economic, policy, law, methods, and knowledge creation skills consistently during the entire two-year program. The work and learning is a constant endeavor during the two-years of the program and is not limited to the monthly intensives.

ONLINE COURSES ON BLACKBOARD
At the beginning of each term students log in to the College of Professional Studies Blackboard at

https://cpsblackboard.neu.edu/webapps/login/

Your Blackboard login (username and password) is the same as your myNEU login.

Students are responsible for accessing the course on Blackboard regularly throughout each term to read and post to the discussion, access and upload written assignments, view supplemental readings, faculty announcements and other updates to the course.

DISCUSSION BOARD
Students engage in online discussions concerning readings and their applicability to individuals’ doctoral thesis domains on Blackboard. Faculty monitor on-line discussions and provide guidance and refinement as appropriate, but do not necessarily respond to specific individual posts. Faculty facilitation of on-line discussions is normally provided a few times each week. The discussion board is a mechanism for class discussion and students need to post as well as respond to colleagues’ posts. As a guideline students
should strive to post and respond to at least two other posts each week to maintain satisfactory participation and contribution to the discussion. Economics topics are planned and issues for discussion will be posted and announced.

TECHNICAL SUPPORT
24/7 CPS Blackboard Technical Support: 866-847-1573
Get immediate 24/7 technical support for the CPS Blackboard by calling 866-847-1573. You may also visit the support portal for answers to common questions, or email CPSBlackboard@neu.edu for help.

myNEU Account Support: 617-373-4357
For myNEU questions or assistance call the university help desk at 617-373-4357.

USE OF TECHNOLOGY IN THE CLASSROOM
Cell phone ringers must be turned off before entering the classroom.
Laptops are acceptable only for note taking only. Class sessions are a time for focus and clarity of mind. Laptops are not tolerated for any other purpose as this distracts fellow students and interferes with concentration and focus.

  *No email, no web browsing, and no computer games of any sort are to be engaged in during class.*

ACADEMIC HONESTY AND INTEGRITY STANDARDS
The University views academic dishonesty as one of the most serious offenses that a student can commit and imposes appropriate punitive sanctions on violators. Here are some examples of academic dishonesty. While this is not an all-inclusive list, we hope this will help you to understand some of the things instructors look for. The following is excerpted from the University’s policy on academic honesty and integrity; the complete policy is available at http://www.osccr.neu.edu/policy.html.

- **Cheating** – intentionally using or attempting to use unauthorized materials, information or study aids in an academic exercise. This may include use of unauthorized aids (notes, texts) or copying from another student’s exam, paper, computer disk, etc.
- **Fabrication** – intentional and unauthorized falsification, misrepresentation, or invention of any data, or citation in an academic exercise. Examples may include making up data for a research paper, altering the results of a lab experiment or survey, listing a citation for a source not used, or stating an opinion as a scientifically proven fact.
- **Plagiarism** – intentionally representing the words or ideas of another as one’s own in any academic exercise without providing proper documentation by source by way of a footnote, endnote or intertextual note.
- **Unauthorized collaboration** – Students, each claiming sole authorship, submit separate reports, which are substantially similar to one another.
students may have the same source material, the analysis, interpretation and reporting of the data must be each individual’s.

- **Participation in academically dishonest activities** – Examples include stealing an exam, using a pre-written paper through mail order or other services, selling, loaning or otherwise distributing materials for the purpose of cheating, plagiarism, or other academically dishonest acts; alternation, theft, forgery, or destruction of the academic work of others.

- **Facilitating academic dishonesty** – Examples may include inaccurately listing someone as co-author of paper who did not contribute, sharing a take home exam, taking an exam or writing a paper for another student.

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**ESSAY GRADING CRITERIA**

**A Range Essay:**
The essay is of outstanding quality in all, or almost all, respects. It is both ambitious and successful. It demonstrates mastery of the “Elements of the Academic Essay” with grace and confidence. It includes:

- An interesting, arguable **thesis** that is sufficiently limited in scope, presented early and developed throughout the essay;

- A logical, progressive **structure** that takes the reader on a journey, developing, complicating, and expanding the initial thesis by considering counter-arguments; strong and clear links between points, and well-organized paragraphs;

- Sufficient, appropriate, and interesting **evidence**, presented in a readable and understandable way;

- Original and insightful **analysis**, that shows how the evidence supports the thesis, and that goes beyond summary or paraphrase;

- **Sources** that are deployed in a range of ways (to motivated and support the argument, provide key-terms, and so on), that have been selected carefully, and that are quoted and cited correctly; and

- A **style** that is both conversational and sophisticated; that uses diction appropriate to the subject matter and the audience; that engages and stimulates the reader.

**A-/B+ Range Essay:**
The essay nearly lives up to the above requirements, but in one or two minor ways it falls short of the ideal. For example, the prose may be occasionally awkward, or word choice may be imprecise at points, or one section of the argument may be less well-developed than the others.

**B Range Essay:**
The essay is one that is ambitious but only partially successful, or one that achieves modest aims well. It exhibits one or more of the following features:

- A **thesis** that may be arguable but vague, uninteresting, or fragmentary; it may be implied rather than stated directly (or stated quite late); it may be dropped in places;
• A **structure** that proceeds logically most of the time or in general, but is periodically confusing due to missing links or large intellectual leaps; it might be overly predictable and undeveloped, with few complications; it may include disorganized paragraphs;
• **Evidence** that is generally solid but may be thin in places, or might be presented without analysis (as undigested quotations);
• **Analysis** that is at times insightful but sometimes either simply summary or entirely absent; that makes inconsistent or illogical connections between evidence and thesis;
• **Sources** that are quoted and cited correctly (for the most part) but are deployed in limited ways—as a straw person or a simple confirmation of the author’s viewpoint;
• **Style** that is clear but lacking in sophistication; or that is weighed down by inappropriately fancy diction; may demonstrate some errors in punctuation, grammar, spelling, and format.

**B-/C+ Range Essay:**
The essay, while still retaining the promise of an original and well-argued thesis, fall short in a number of ways. Perhaps the support for key assertions is inadequate, or an obvious counter-argument is ignored, or a major misstep in logic mars the coherency of the whole argument, or grammatical errors consistently mar the prose.

**C Range Essay:**
A C range essay has significant problems in articulating and presenting its argument, or seems to lack a central argument entirely. Its features include one or more of the following:
• A **thesis** that is vague, descriptive, or confusing; that has unintegrated parts; that is implied rather than stated directly (or stated too long); that is dropped in places;
• A **structure** that is confusing (making huge, unmotivated intellectual leaps) or predictable (a list or a “five paragraph” essay); that includes few complications or counter-arguments; that exhibits disorganized, often overly descriptive, paragraphs;
• **Evidence** often presented without analysis as undigested quotations; may be taken out of context;
• **Analysis** that has moments of insight but is generally missing or simply summary and may include some misreadings;
• **Sources** that are not adequately situated or explained; that may be quoted and cited incorrectly; that are used simply as filler or as affirmation of the author’s viewpoint;
• A **style** that is difficult to read or overly simplistic; perhaps including errors in punctuation, grammar, spelling, and format.

**D Range Essay:**
A D range essay fails to grapple with either ideas or tests, or fails to address the expectations of the assignment. It features include:
• A **thesis** that is missing or purely descriptive (un-arguable), or that is a total misreading;
• A **structure** that is confusing, demonstrating little focused development; disorganized paragraphs; plot summary;
• **Evidence** that is scanty or absent; when present, it is chiefly undigested quotation and/or taken out of context;
• **Analysis** that is absent, based on misinterpretations of the evidence, or mere summary;
• **Sources** that are absent or, if present, are not adequately situated or explained, incorrectly quoted and/or cited, and/or used as filler;
• A **style** that is simplistic or difficult to read, and is probably riddled with technical error.

**FALL TERM MEETING DATES**
September Intensive:
September 11-13, 2009

October Intensive:
October 9-11, 2009

November Intensive:
November 6-8, 2009

December Washington, D.C., Joint Intensive:
December 3-5, 2009

Please refer to each session’s schedule for details. Schedules are distributed in advance of each weekend intensive.

**TEXTS**
Dr. Golub’s Texts:


*An Introduction to Law and Economics* by A Michael Polinksy

*Law & Economics* 5th Ed. by Robert Cooter and Thomas Ulen

**FALL TERM 2009 READINGS:**

Additional readings are posted on Blackboard. Students are responsible for accessing the course on Blackboard regularly to access supplemental readings, participate in discussion board posts, submit assignments, readings, and view faculty announcements and other updates to the course.

**FALL TERM TOPICS:**

September Intensive:
September 11-13, 2009

**TOPICS 1 – 5**

*Introduction To Law and Economics Readings*

*Topic 1: Resource Allocation and Public Policy*
i) Scarcity and opportunity costs: utilization of scarce resources in production and consumption and its meaning for decision-making

ii) Marginalism: The paradox of value; rational choice, decision-making theories applying marginal analysis

iii) Incentives and behavior: Exchange, trade, negotiation and the role of incentives and signals in public policy

iv) Rational behavior and maximizing satisfaction, time horizons in economic decision making

v) Behavioral economics—assumptions about behavior and human motivations

vi) The economic system and the flow of economic activity, product markets, and factor markets

vii) Microeconomics and Macroeconomics

viii) Problem of economic organization

ix) Market mechanism in the resource allocation process

x) Public intervention in market activity

Reading: Steineman, Chapter 1

**Topic 2: Tools of Demand and Supply**

i) Demand for goods and services in product market, determinants of demand in product markets: individual and market demand, price elasticity of demand, income elasticity, cross elasticities

ii) Complements, substitutes, time lags, durability, expectations

iii) Individual and market supply determinants of supply in product markets

iv) Equilibrium prices and quantity in product markets, market surpluses and shortages,

v) Market dynamics

vi) Income elasticities, supply elasticities

vii) Market equilibrium and intervention

viii) Market organization:
- Taxes and subsidies in a market context
- Price floors and ceilings

ix) Choice and Demand

x) Product differentiation

xi) Consumer and producer surplus

Readings: Steineman, Chapters 2-3

**Topic 3: Consumer Preferences and Demand in Product Markets**

i) Consumer utility, total utility and marginal utility, diminishing price, willingness to pay, consumer surplus, distribution of benefits

ii) Elasticity; measuring consumer price sensitivity

iii) Indifference curves and budget constraints, utility maximization, deriving the demand curve
iv) Individual Choice Models for the Analysis of Welfare Programs

Readings: Steineman, Chapter 4.

**Topic 4: Producer Costs and the Decision to Produce**

i) Understanding producer costs, short-run fixed and variable costs, average cost, and marginal cost

ii) Short-run, shut-down condition and long-run production choices

iii) Producer surplus

Readings: Steineman, Chapter 5

**Topic 5: Economic Efficiency and Equity**

i) Markets and socially efficient outcomes: Pareto efficiency, Kaldor Hicks efficiency

ii) Market failures: monopoly, externalities, collective goods, imperfect information

iii) Market efficiency and distributional fairness – the efficiency equity trade-off

iv) Alternative perspectives on equity in resource allocation and economic growth; the behavioral perspective

v) Equity of endowments and equity of Process

Readings: Steineman, Chapter 6

October Intensive:
October 9-11, 2009

**TOPICS 6 – 8**

**Applied Microeconomics and the Nature of Economic Reasoning**

**Coase Theorem Principles: Property Rights and the Role of the State**

**Topic 6: Welfare Economics**

i) Social surplus

ii) Ceilings, quotas, taxes and subsidies

iii) Distributions and redistributions

iv) Pareto efficiency

v) Economic surplus

vi) Distributional impacts

Readings: Steineman, Chapter 6

**Topic 7: Market Organization and Market Power**

i) Perfect competition and the decision to produce, efficiency, under perfect competition, barriers to entry, economies of scale and product differentiation

ii) Monopoly and production

iii) Monopolistic competition and oligopoly

iv) Regulation, anti-trust and public ownership
Readings: Steineman: Chapter 8

**Topic 8: Externalities**

i) Positive and negative externalities

ii) Private solution to negative externalities: The Coase solution

iii) Coase Theorem issues: free riders, transaction costs and opportunism

iv) Public sector solution to externalities:
   - Corrective taxation
   - Regulation, tradable regulations
   - Subsidy

Reading: Steineman, Chapter 9

November Intensive:
November 6-8, 2009

**TOPICS 9 – 11**

**Government Intervention and Market Failure**

**Coase Theorem Applied**

**Topic 9: Public Goods**

i) Public goods defined

ii) Free rider problems

iii) Optimal levels of public goods

iv) Problem of private sector crowd out

v) Public good pricing

Reading: Steineman, Chapter 10

**Topic 10: Imperfect Information**

i) Asymmetric Information

ii) Adverse Selection

iii) Moral Hazard

iv) Principal-Agency relationships

v) Risk and uncertainty

vi) Insurance, risk variance and precaution

Reading: Steineman, Chapter 11

**Topic 11: Benefit Cost Analysis for Public Decision-making**

i) Measuring Benefits and Costs of a Public Project

ii) Accounting for time values

iii) Benefits versus transfers

v) Discount rate analysis
vi) Assessing projects and distributional impacts
vii) Benefits-costs ratios

Reading: Steineman, Chapters 12-14

December Washington, D.C., Joint Intensive:
December 3-5, 2009

TOPICS 12 – 13
Law and Economics: Common Law Development and microeconomics
Law and Economics: Constitutional Law, Political-Economy and Democracy
Law and Economics: Common Law adjudication vs. Legislative adjudication
Law and Economics: Administrative Law and Executive management

Topic 12: Law and Economics: Common Law Development
I. The Nature of Economic Reasoning: The Economic Approach to Law
II. Fundamental Microeconomic Principles and Legal Analysis
III. The Common Law, Legal History and Jurisprudence
IV. The Coase Theorem, Social Welfare, Custom and Social Norms
V. The Coase Theorem Applied, Legal Institutions and Common Law

Topic 13: Law and Economics: Constitutional Law, Political-Economy and Democracy
I. Constitutional Law and Governmental Composition
II. Federalism and Economic Efficiency
III. Constitutional Law, Individual Liberties, Government and Economic Behavior
IV. Economics of fundamental rights, privileges and duties
V. The Economics of the Individual vs. the State

SEPTEMBER/OCTOBER ASSIGNMENT

Policy, Law and Economics Essay Assignment: Transaction Costs and The Coase Theorem

Due on or before October 30, 2009
Boomer v. Atlantic Cement Co. (30 A.D.2d 480 1968)

Spur Industries, Inc. v. Webb (494 P.2d 700 1972)

Define and explain the Coase theorem and prepare an essay comparing, contrasting and examining the two cases in the context of the theorem.

**NOVEMBER/DECEMBER ASSIGNMENT**

**Policy, Law and Economics Essay Assignment:** Constitutional Economics
Dr. Golub
*Due on or before December 10, 2009*

**Case Readings:**
1) *Chicago Board of Realtors, Inc. v. Chicago*
   819 F.2d 732 (7th Cir. 1987)
2) *Sanitation and Recycling Industry Inc. v. City of NY*

**REQUIRED:** After studying the two cases listed above and incorporating the policy, law and economics readings, principles and doctrines, define, compare, contrast and analyze the following Constitutional law concepts on the basis of efficiency vs. equity criteria:

1) Contracts Clause
2) Void for Vagueness Doctrine
3) Procedural Due Process
4) Substantive Due Process
5) Equal Protection
6) Preemption

**Part #2 Judicial Precedent, Stare Decisis and Economic Efficiency**

**Case Readings:**
1) *American Jewish Congress, et al., v. City of Chicago, et al.,*

   In his dissent to the majority opinion in this case, Circuit Judge Easterbrook writes the following statement:

   “… If the Constitution is simply a collection of standards, judges readily can adjust the rules to the times and their circumstances. The price of this, however, is the elimination of rules. The only feature of history that seems to bind is the decision (actually one inferred from the structure of government rather than located in the text) transferring decision-making authority to judges. As for the rest, there are only goals and values, which do not bind. The Constitution becomes a general prohibition of evil -- as contemporary moral standards identify evil. I for one am "troubled . . . by an approach to constitutional interpretation that by watering down
a strongly worded clause of the Constitution . . . and thickening [**65] a watery clause . . . homogenizes a diverse text." *Chicago Board of Realtors v. City of Chicago*, 819 F.2d 732, 744 (7th Cir. 1987).

**REQUIRED:** What are the judicial definitions of “political questions” and “judicial ripeness” and explain the importance of these legal questions in terms of economic tradeoffs. Should fundamental first amendment individual rights and freedoms be subjected to economic scrutiny? Explain Judge Easterbrook’s quote in terms of equity vs. efficiency tradeoffs.

Submit your essays using the View/Complete Assignment link in the Assignments folder on Blackboard.