University College London

ECON0024 ECONOMIC POLICY ANALYSIS

Course Aims and Objectives	
Aim: The course aims to provide final year students with the opportunity to explore the way in which economic theory and evidence can be used to analyse topical policy issues. The course should be of particular value to students who intend to work as professional economists in government departments or other agencies, where they will be expected to provide economic analysis and advice on specific issues of policy, including new and unfamiliar issues about which textbooks say very little.	Objectives: At the end of the course, students should: • Have an understanding of the application of economic theory and empirical methods to issues in current economic policy analysis. • Have had the experience of analysing a complex and unfamiliar issue, drawing on their knowledge of economic theory and methods, and on a range of relevant research and policy papers, without being able to rely on comprehensive textbook treatments. • Be able to write cogent and well-argued analyses of a number of aspects of the issues they have studied, making appropriate use of both theory and empirical evidence. • Be able to cooperate with other class members to produce a coherent team-presentation.

Prerequisites
ECON0024 is available only to students who have already completed the three second-year core papers: ECON0013 Microeconomics, ECON0016 Macroeconomic Theory and Policy and ECON0019 Quantitative Economics and Econometrics. A thorough understanding of the material taught in the core units will be assumed in the teaching of ECON0024.

Course Content
The course aims to allow final year students to share in the policy-oriented research activity of members of the department. Many members of staff are involved in policy research, and in advice to government departments (in the UK and abroad), the European Commission, the World Bank, etc. This policy-related research activity is reflected in the sessions offered. Equally, students taking the course are expected to come to terms with concepts, theory and empirical work at the level at which the policy discussion between academic economists and government policy-makers is typically conducted.

The seven economic policy issues that the course usually addresses:

1. **Informality and Development**
2. **Migration**
3. **Monetary Policy**
4. **Health, Human Capital, and Early Childhood Interventions**
5. **Empirical Evidence and Tax Policy Design**
6. **Performance Pay in Education**
7. **Unemployment Insurance and Minimum Wage**

Course Organization
The course usually consists of weekly lectures. There are seven topics which are each the subject of two lectures.

There are in addition accompanying tutorial classes, usually one for each topic, organized in groups of around 15-20 students.

Topic lecturers will typically provide students with the following material:
- A list of up to a dozen readings per topic. Many of these will be journal articles or unpublished papers, so that students acquire the experience of reading and attempting to understand economics research in the way it is conventionally published.
- A set of exercises / short questions.
- A set of essay/presentation topics.

Student Work (course requirements)
Course-work requirements: typically 6 pieces = 5 pieces of written work and one team presentation.

For each topic, usually two kinds are course-work are set: A set of exercises/short answers and essay/presentation topic(s).

The presentation

The presenters:
Each student will be typically involved in at least one presentation (depending on the size of class groups, a student may be involved in more than one). The presentation is to be *joint work*, prepared by a group of two or three students working together. The content of the presentation is to be decided by the members of the team and should be guided by the questions set by the topic lecturer. The presentation may be organized around a combination of the exercises and the essay / presentation topics. However, if the exercises are to be used in the presentation, they must be integrated into the broader analysis of the topic. A presentation *cannot* consist only or mainly of a set of answers to the exercises. If in doubt, consult the class teacher. Within each tutorial class, groups to prepare presentations will be formed at the 'Organization meetings'.

The group responsible for each presentation will prepare a handout and this will be published on the course web-site (the handout may consist of the slides used for the presentation). Notes on how to prepare a presentation are available on the course web site.

The discussant:
For each class, usually a discussant will be appointed. The presenters are obliged to send the draft slides to the discussant 3 days before the presentation. The discussant prepares 5 slides. The role of the discussant is to choose one or two aspects of the presentation to draw attention to – you may present some new material that is critical of, or adds to the conclusions of the presenters or you may focus on an aspect of the presentation that is unclear or confusing. Your job is to work carefully through the presentation (ahead of time) and help the audience to see its strengths and weaknesses.

The class teacher will provide written and verbal feedback on the presentation, as well as marking the other pieces of course-work.

Typical Assessment
Usually, the course is formally assessed by a three-hour written examination with two parts.

- Part A tends to consist of 7-8 short-answer questions and / or problems, of which students have to answer five. These questions will have a format similar to the exercises/short questions set during the course.
- Part B will usually consist of 7-8 questions, of which one must be answered. For each question, the examiner will provide a piece of unseen material (e.g. newspaper article, data, extract from a government report). Although this piece may be in the public domain, students will not have been pointed towards it during the course. The student is required to read the piece during the exam and demonstrate their ability to use it in conjunction with the analysis of the associated topic that has been covered in the course.

The format of the examination is specifically intended to encourage students to master the key concepts and techniques appropriate to most of the topics covered. This is tested in Part A. It is intended that students who have attended all the lectures, and read the key readings for each topic should be able to answer all of the questions in the first part of the exam.

In addition, students are encouraged to specialize, and to study in depth three or four topics. The format of Part B is designed to encourage students to think more deeply about and reflect on a smaller number of topics so that they are able to make sense of and interpret the unseen material, placing it in the context of the work they have done on the topic.