Teaching Guide “Public Policies I”

Code: 42732
ECTS: 10

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<tr>
<th>Degree</th>
<th>Year</th>
<th>Semester</th>
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<tbody>
<tr>
<td>Master in Economics and Business</td>
<td>1</td>
<td>2</td>
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Contact
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Language
English

Instructors
Roxana Gutiérrez-Romero (Evaluation Methodologies)
Isabel Busom (Innovation Policies)
Oriol Roca & Javier Asensio (Infrastructure Policies)

Objectives
Evaluation Methodologies:
The objective of this course is to familiarize students with the growing field of impact evaluation in economics. The course presents the main methodologies used to quantify the causal effect of policy interventions on outcomes, including randomized evaluations, difference-in-differences, regression discontinuity designs and natural experiments. These methodologies are assessed critically focusing on their weaknesses and strengths as well as focusing on their application in Stata. The course also offers an overview of the key debates in the design and implementation of a wide range of policies, and their impact on tackling poverty, improving quality and access to education, regeneration of deprived areas, fostering employment, salaries, among others.

Innovation Policies:
This course aims at providing tools to understand economic research on determinants and consequences of innovation, the economic grounds for innovation policy and its design, current innovation policies and their evaluation. The course will have a strong empirical focus: it intends to help you understand available methods for an evidence based innovation policy. Upon completion of this course, you should be able to 1) understand the economic rationale for government involvement in innovation and science policy; 2) discuss what the impact of such involvement may be; 3) find and interpret sound empirical research on these issues, and 4) analyze current policies.

Infrastructure Policies:
This course studies the economic aspects of infrastructures using the tools of economic analysis in deciding the optimal level of infrastructure provision, the role of public and private sector in their provision and operation and shows the policy implications of the deregulation process that has taken place in infrastructure markets in recent years. The emphasis of the course is empirical, with detailed examples and case studies to show the economic consequences of alternative policy designs.

Skills
T1: Understanding academic research in the above areas.
T2: Contextualizing problems using formal models that allow a quantitative analysis.
T3: Arguing and writing in a precise, clear and concise manner reports on the proposed problems, in English.
T4: Using various statistical software to process data.
T5: Conduct empirical studies.
T6: Make oral presentations in English.
T7: Respect the ethical, social and environmental values.

Learning outcomes
E4.1: Demonstrate a proper understanding, and be able to apply, the principles of efficiency and equity in the areas mentioned above.
E4.2: Distinguish between situations in specific cases where markets are not efficient and those that do are, and between public interventions that lead to efficiency and those that do not.
E4.3: Demonstrate a proper understanding and and be able to critically analyze economic studies of international organizations such as the OECD or the European Commission on economic policies in the above areas.
E4.4: Conduct empirical studies to assess the impact of various policies: identify existing data sources or designing data collection methods, application of statistical and econometric techniques that are appropriate for the evaluation of programs and policies, formulation of empirical strategies, proper interpretation of the results.

Contents

Evaluation Methodologies:

Methodology
• Key challenges of estimating the causal impact of public policies
• Randomized evaluations
• Difference-in-differences
• Propensity score matching
• Regression discontinuity designs
• Endogeneity and Instrumental Variables
• Natural and quasi-natural experiments

Example of Policy Interventions to be Reviewed
• Training programmes on earnings
• Active labour market policies on employment
• Educational programmes on school participation
• Conditional cash-transfers on poverty and education
• Community programmes on regeneration of deprived areas
• Microfinance on survival of entrepreneurs

Innovation Policies:

1. Introduction: questions, measurement and facts
2. Firms, R&D and Innovation
3. The nature of innovation: market failures
4. Innovation Policy: conceptual issues
5. Intellectual Property
6. Direct Support and Tax Incentives
7. Other instruments

Infrastructure Policies:

1. Introduction: economic importance of infrastructures
   Economic impact of public infrastructures: demand and supply effects, net and spillover effects, crowding out effects and distributive effects.
2. Infrastructures and economic growth
   Models used to investigate the relationship between infrastructure and economic activity: Input Output Models, Econometric Models.
3. Decision-making on infrastructure provision
   Cost Benefit Analysis and beyond.
4. Models of public-private infrastructure management
   The problem of monopoly in infrastructure provision and the range of possible solutions. Public provision of infrastructures and reasons for privatization.
5. Infrastructure provision with private contracts and concessions
   Private contracts. Infrastructure concessions and the renegotiation problem. Public Private Partnerships (PPPs).
6. Infrastructure regulation and competition
   Infrastructure regulation: rate of return & price cap. Vertical unbundling and the introduction of competition.

Teaching Methodology

The activities that will allow the students to learn the basic concepts included in this course are:

1. Theory lectures where the instructor will explain the main concepts.
The goal of this activity is to introduce the basic notions and guide the student learning

2. Problem Sets
In some subjects, a problem set which students will have to solve individually or in teams will be included in every unit. The goal of this activity is twofold. On one hand students will work with the theoretical concepts explained in the classroom, and on the other hand through this practice they will develop the necessary skills for problem solving.

3. Practice lectures
The aim of this activity is to comment on and solve any possible doubt that students may have had solving the problem assignment. This way they will be able to understand and correct any errors they may have had during this process.
4. Essay writing
In some subjects students will produce written essays on the topics proposed.

5. Tutoring hours
Students will have some tutor hours in which the subject instructors will help them solve any doubts they may have.

Learning activities

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<tr>
<th>Title (type activity)</th>
<th>Hours</th>
<th>Learning outcome</th>
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<tbody>
<tr>
<td>Type: Directed</td>
<td></td>
<td></td>
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<tr>
<td>Lectures with ITC support</td>
<td>37.5</td>
<td>T7, E4.1 through E4.4</td>
</tr>
<tr>
<td>Resolution of exercises</td>
<td>37.5</td>
<td>T2, T7, E4.1 through E4.4</td>
</tr>
<tr>
<td>Type: Supervised</td>
<td></td>
<td></td>
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<tr>
<td>Tutoring and monitoring work in</td>
<td>62.5</td>
<td>T3, T4, T, T7, E4.1</td>
</tr>
<tr>
<td>progress. In-class presentations</td>
<td></td>
<td>through E4.4</td>
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<tr>
<td>Type: Self learning</td>
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<td></td>
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<tr>
<td>Study, Reading, Exercise solving,</td>
<td>112.5</td>
<td>T6, E4.1 through E4.4</td>
</tr>
<tr>
<td>Essays writing,</td>
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Assessment criteria

1. The module consists of a number of different subjects or parts taught by different professors. The **final mark** for the module will consist of the average of the marks of each subject within the module.

   - The module is considered **successfully passed** if:
     - the mark for each subject within the module is higher than or equal to 3.0 (in a 0 to 10 scale), and
     - the **final mark** for that module is higher than or equal to 5.0 (in a 0 to 10 scale).

   - If the module is not **successfully passed**, the MEBA coordinators will ask the student to re-take the exams for those subjects that, according to the coordinators and the professors opinions, may help the student to successfully pass the module. If the student passes the re-take exam he or she will obtain a mark of 5 for that subject, otherwise the previous grade will remain valid. The calendar for the re-retake exams will be announced along with the grades report.

2. The mark -between 0 and 10- for each subject will be computed by each professor based on his or her own criteria and on the student's performance. As a general rule, 35% of the mark will correspond to the assessment of the continuous work of the student during the course, and 65% will consist of a comprehensive final examination. The duration and nature of the final examination is decided by each professor.

3. Final exams are compulsory. Re-take exams are only thought for those students having previously written a first exam and failed.

Assessment activities

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<tr>
<th>Title</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Final exam</td>
<td>65%</td>
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<tr>
<td>Exercises and essays</td>
<td>35%</td>
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**Bibliography**

**Evaluation Methodologies:**

Basic Readings

1) Books:
Copies of chapter will be provided.

2) Article Reviews:

Innovation Policies:

In addition, empirical research papers will be provided and discussed during the sessions.

Infrastructure Policies: