Econ 447 Syllabus                  Fall 2013
Seminar – Privatization of Local Public Services

Course Meets: Wednesdays, 2.30 – 4.20 pm, King 235

Contact Details
Instructor: Prof. Ron Cheung
E-mail: rcheung@oberlin.edu
Phone: (440) 775-8971
Office: Rice Hall 212
Office Hours: Tuesdays and Thursdays, 4.30 – 5.30 pm; Wednesdays, 10.30 am – 12 pm; or by appointment.

Course Description and Objectives
This seminar examines an increasingly popular phenomenon in the local public sector. As budgets become tighter, cities and counties have been turning to private agents to provide many of our public services. We will read papers that investigate theoretically and empirically the effect that privatization has had on our concept of government. We begin by examining the various mechanisms through which privatization can occur. We then move to economic analyses of privatization of various major local public services. Finally, we will look into privatization of governance itself.

Objectives for this course: (1) learn about the issues and complexity facing local privatization and how economic analysis can provide insights; (2) execute a thoughtful, scholarly economic research paper; (3) improve your oral presentation skills by leading class discussion and by presenting the results of your paper.

Readings
Readings for this course will come mostly from academic journals, supplemented with articles from popular sources. All readings will be posted on Blackboard for you to download. I will announce required readings in class and on Blackboard. The attached schedule gives you a tentative list of dates and readings. This list is subject to change.

Prerequisites
The two strong prerequisites for the course are intermediate microeconomics (Econ 253) and econometrics (Econ 255).
• You need micro because this seminar covers two subfields of micro, namely public finance and urban economics. So the intermediate micro theory of the consumer and of the firm that you explored in Econ 253 makes up the underlying structure of the papers you will be reading.
• You need econometrics because the main requirement for passing this course is the completion of an empirical research paper. You must come up with an idea to test empirically, obtain data and analyze it using econometric software (Stata). This does not mean simply calculating averages and plotting graphs; it means applying multiple regression techniques. You will be at a serious disadvantage if you have not taken a course in econometrics.

**Grading**

There are five components to your course grade.

**Participation (10%).** I value your participation and expect you to take an active role in this class. You are expected (1) to attend every class; (2) to have read the assigned readings and to be prepared to discuss them thoughtfully. All questions are welcome, especially if there are technical/quantitative elements or terms you aren’t familiar with. As you should keep in mind, this seminar is meant to illustrate the process and the methodology of economic research.

**Reading Write-Up (15%).** You must bring in to class and hand in a write-up of your thoughts on the assigned readings for each day, starting in week 3. In the response, you should mention (at least) two things you found interesting about the readings, two potential questions or shortcomings of the paper or ways in which the analysis can be extended and anything you found unclear. The write-up must be completed before the class, and late work will not be accepted. Please bring in a printed copy of your response to hand in.

**Data Exercise (5%).** The data exercise will be handed out at the beginning of the seminar and will familiarize you with working with datasets.

**Presentations (15%).** You will present several times in this course. First, beginning in week 3, each class will have a student responsible for giving a 15-20 minute presentation of the reading(s) for the day. Then you will lead the in-class discussion for the day. Second, twice in the course, you will give a brief discussion of your progress in the term paper. Finally, sometime in the last two weeks of class, you will give a 15-20 minute presentation of your paper.

Note: The most challenging aspect of presentations (of any type) is to distil your understanding of the material, your ideas and your questions into a very limited amount of time. As such, time limits for presentations will be adhered to strictly – so it’s helpful to do a run-through before you present!

**Research Paper (55%).** The research paper will be an empirical analysis of a question related to public service privatization, preferably focused on a local or regional level. You should select a topic yourself and clear it with me. I will be happy to consult with you regarding topic choice, data collection and paper writing. You cannot pass the seminar without completing an acceptable research paper.

Length: The paper should be between 15 and 25 pages in length, not counting references, figures and tables, *double-spaced*. Type should be between 10 and 12 point font.
Content: A good paper addresses an interesting and well-defined issue, presents relevant data and methodology and applies economic analysis intelligently. Relevant policy recommendations are desirable. A good paper is also well organized, clear, free of writing errors and coherent. Please choose a standard format for citing your sources and apply it consistently.

Important Milestones: (Note: When something below needs to be submitted to me, you may either bring a printed copy to class or you may email it to me by the due time, unless otherwise indicated. Be sure to put your name into the file name of the attachment.)

1. **Wed., 25 Sept. 2013, hard copy brought to class**: By this date you should pick a preliminary idea. Submit one or two potential research questions that you are considering addressing – no more than one page per question. Provide a description of why this topic is of interest to you, what data or methods you would ideally use (or know exists) to answer the research question, and (if possible) summarize at least one academic paper that has addressed a similar question. Your idea does not have to be well-developed. **You must print this document and make 12 photocopies to bring to class to share with classmates.**

2. **Wed., 9 Oct. 2013, 10 pm**: You must submit a refined research question, as well as a literature review related to the topic summarizing at least three academic papers (with a proper annotated bibliography). Identify at least one data resource that you plan to use and how you will access the data. You should aim for a document length of three to four double-spaced pages.

3. **Wed., 30 Oct. 2013, 10 pm**: You must submit an extended outline (6 pages or so) of your paper. At this point, you should have focused your research on a specific question. Lay out your research question, agenda and relevant data sources. This outline should also incorporate a brief literature review of readings related to your question. Late outlines will incur a daily penalty of 5% off the final paper grade.

4. **Wed., 13 Nov. 2013**: We will have a class discussion of your progress.

5. **Tues., 26 Nov. 2013, 10 pm**: A sharable draft of your paper is due. This will be posted on Blackboard to be shared with the class for the presentation sessions. Late drafts will incur a daily penalty of 5% off the final paper grade.

6. **Wed., 4 Dec. and 11 Dec. 2013**: You will be required to present your paper to the class. The other members of the class will have read your draft and should offer comments and feedback. Presentation schedules will be determined later.

7. **Thurs., 19 Dec. 2013, 10 pm**: After incorporating feedback from your presentation, you must hand in a complete draft of your paper by this time. Late papers incur a daily penalty of 15% off the final paper grade.

**In-Class Rules**
- Laptops for taking notes and for referencing the assigned articles are acceptable, but I trust you not to use the laptop for non-class related purposes (Internet browsing, instant messaging, Facebook, etc.). If I see you using your laptop inappropriately, I will ask you to leave.
Honor Code
- Presenting the work of someone else as your own is a serious affront to the other students in the course and to me. On each assignment and policy brief that you submit, you must write "I have adhered to the Honor Code in this assignment" and sign your name in assent.

Students with Disabilities
- If you have specific physical, psychiatric or learning disabilities and require accommodations, please let me know early in the semester so that your learning needs may be appropriately met. You will need to provide documentation of your disability to the Office of Disability Services in Peters G-27/G-28.

Summary Course Outline

<table>
<thead>
<tr>
<th>Wk</th>
<th>Day</th>
<th>Topic</th>
<th>Assigned Readings</th>
<th>Coursework</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4 Sep.</td>
<td>Introduction</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td></td>
<td>23 Oct.</td>
<td>FALL BREAK – no class</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>20 Nov.</td>
<td>Private government (business improvement districts)</td>
<td>Hounston overview on BIDs Brooks (2008)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>4 Dec.</td>
<td>Paper presentations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>11 Dec.</td>
<td>Paper presentations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Caveat: The course outline and the readings are subject to change.
Reading List
Grouped by Week; readings marked with a **plus sign are optional** and will not be discussed in class. If you are writing your term paper on a specific topic, it is recommended that you read the appropriate optional readings.

Week 2 (11 Sep. 2013) – Background & Scope of Government:


We will also do a data refresher, so bring your laptop if you like.

Week 3 (18 Sep. 2013) – Motives for Privatization; Efficiency:


Week 4 (25 Sep. 2013) – Methods of Privatizing – Contracting Out:


Week 5 (2 Oct. 2013) – Methods of Privatizing – Private-Public Partnerships:

**Week 6 (9 Oct. 2013) – Privatization of Waste Collection & Infrastructure:**


**Week 7 (16 Oct. 2013) – Privatization of Utilities & Impact on Well-Being:**


**Fall Break, no class on 23 Oct.**

**Week 8 (30 Oct. 2013) – Privatization of Public Transport:**


**Week 9 (6 Nov. 2013) – Privatization of Education:**


**Week 10 (13 Nov. 2013) – Private Government – Homeowners Associations:**

• McKenzie, Evan (1994), Chapters 1 and 6 from *Privatopia: Homeowner Associations and the Rise of Residential Private Government*, Yale University, 1-28; 122-149.

**Week 11 (20 Nov. 2013) – Private Government – Business Improvement Districts:**

• Hounston Jr., Lawrence, editor, *Business Improvement Districts*, excerpt. (Photocopy)

**Week 12 (TUESDAY, 26 Nov. 2013) – Privatization in Transitional & Developing Economies, Special Considerations:**


**Week 13 (3 Dec. 2013):**

• Presentations of five student papers.

**Week 14 (10 Dec. 2014):**

• Presentations of five student papers.