Decisions and Organizations
PPHA 319

Syllabus for Spring 2016
Prof. Wioletta Dziuda

Preliminary

Welcome!! The syllabus is full of useful information. Please take a careful look before the first class.

BASICS:

Email: wdziuda@uchicago.edu. Please put "PPHA 319" in the subject line for correspondence related to the course.

Office: 1155 E 60th—Room 146
Office Hours: TBA
Lectures: MW 10:30—11:50 or MW 1:30—2:50. Classroom TBA

Head TA: TBA
TAs: TBA
TA Sessions: TBA
TA Office Hours: TBA

COURSE DESCRIPTION:

The goal of policy makers is to achieve certain outcomes, e.g. allocate goods efficiently, educate students, or decrease mortality and crime. To achieve these outcomes, two elements are crucial. First, the relevant actors (e.g., producers, teachers, doctors, patients, citizens, police) must be provided appropriate incentives. Second, they must have access to reliable information and use it correctly.

In your previous core classes, you've looked at how markets provide incentives and aggregate information, but also learned about a variety of settings where markets fail due to externalities or private information. You studied policy interventions that attempted to correct these inefficiencies. In this class, we look at organizations as an alternative to markets, and study how they can provide incentives and aggregate information.

In Part I, we look how well functioning markets provide incentives for optimal allocations and information aggregation. We then examine conditions that may limit markets and ask how one can

design markets to overcome these problems. In Parts II and III, focusing on the organization as an alternative and we ask how one can structure organizations to provide better incentives. In Part IV, we focus on how insufficient or dispersed information in an organization may lead to suboptimal decisions, and consider ways of alleviating this problem. Finally, in Part V, we discuss behavioral biases—systematic deviations in decision-making from the rational paradigm. We look at how organizations can structure incentives to help its agents overcome their biases. Throughout, we will discuss applications to various areas including education, health, crime, national security, and political economy.

REQUIREMENTS:

Readings: There is no book for the course. Mandatory and optional readings for each class will be posted on Chalk under Course Material and will be clearly stated on the slides for each class. You are expected to do the readings and attend class.

TA Sessions: There will also be sections led by the TAs. Attendance at these is optional but encouraged.

Problem Sets: There will be 4 individual problem sets during the quarter. They are due at the beginning of class on the date indicated on the syllabus. You will have a week for each problem set. No late problem sets will be accepted.
Collaboration on problem sets is allowed and encouraged. Students are allowed to discuss the problem sets in groups up to 4. However, all individual members must submit their own answers and write-ups must be your original work. You should include the names of your group members on your answers.
You may not use materials containing solutions or partial solutions to the assignments (including solutions prepared by current or former Harris students).

Policy Hackathon: The policy hackathon will be a multi-day assignment in the second half of the course. You will be organized into groups and given a policy challenge that you will have a few days to work on. The product of your work will be a short memo and a 5-slide presentation that you should be ready to present as a group in class.

Exams: There will be two exams. The midterm will be in class on April 27. The final exam will be comprehensive. Day and time TBA.

Grades: Grading will be based on the course requirements as follows: final (35%), midterm exam (25%), problem sets (25%), Hackathon (15%).

Procedure for Appealing a Grade: If you believe that your grade on any assignment or exam question is incorrect or unfair, you should submit your concerns, in writing, to me. The written appeal should fully summarize what you believe the problems are and why. I will consider your appeal and respond in writing. If you are not satisfied with the response, you may resubmit the assignment or question for regrading in its entirety. This grade will be final.

Class Etiquette and Computer Use in Class: Please, out of respect for your fellow students, be on time. In exceptional circumstances, when you are running late, please enter quietly and seat in one of the front or side seats so that you do not disturb the class. Do not use a cell phone. If you plan on using a computer or an electronic device to take notes in class, you must sit in the last few rows of the classroom. If you need to sit close to front and want to use a laptop to take notes, please seek permission from me.

Academic Honesty:
The Harris School has a formal policy on academic honesty that you are expected to adhere to.
Examples of academic dishonesty include (but are not limited to) turning in someone else's work as your own, copying solutions to past years' problem sets, and receiving any unapproved assistance on exams. Academic dishonesty will not be tolerated in this course. At a minimum, I will give zeroes on any assignments that include cheating and will strike the highest overall problem set score of any student who has cheated. I will also refer all cases of cheating to the Dean of Students office, which may impose further penalties, per the Harris School Disciplinary Procedures, such as probation and expulsion.
If you have any questions regarding what would or would not be considered academic dishonesty in this course, please do not hesitate to ask me.

IMPORTANT DATES:

If you cannot make one of these dates, you must let me know by the third class. Otherwise, you risk receiving a zero for a missed exam, problem set or project.

Problem Sets:

Problem Set 1 Distributed: April 6 Due: April 13
Problem Set 2 Distributed: April 18 Due: April 25
Problem Set 3 Distributed: May 4 Due: May 11
Problem Set 4 Distributed: May 25 Due: June 1

Exams:

Midterm: April 27 (in-class)
Final: TBD

Policy Hackathon:

Distributed: May 11
Lab Session: May 18
Group Presentations: May 23

QUESTIONS ABOUT THE CLASS AND MATERIAL:

If you have questions about the course material or the assignments that are not personal in nature, please, post them using the class Discussion Board on Chalk. Writing an email to me will not

speed up the process, as I will ask you to post the question on the Discussion Board. This is to assure that all students receive the same help with the class. Also, this may save you time: if you have a question, chances are someone else had a similar question, and the answer is already on the board! You are also encouraged to answer questions posted by other students; this is another form of class participation. **All students should subscribe to the discussion board on Chalk, clicking through to the discussion board and locating the thread titled "General Questions". You should adjust your Chalk notification settings to ensure that you get ASAP email notification with the content of new discussion posts and replies.**

SCHEDULE:

		Date	Topic	Assignments
1	**PART I Incentives in Markets**	3/28	Introduction and Admin Markets as Providers of Incentives	
2		3/30	Incentivizing optimal allocations (of doctors, kidneys, schools, houses) without prices: Market Design	
3		4/4	Market Design continued	
4	**PART II Incentives in Organizations**	4/6	Providing Incentives and Moral Hazard	Problem Set 1 Distributed
5		4/11	Incentives for Complex Jobs and for Teams	
6		4/13	Incentives for Complex Jobs and for Teams (continued)	Problem Set 1 Due
7		4/18	Application: Ownership and Incentives	Problem Set 2 Distributed
8	**PART III Organizational Culture as Incentives**	4/20	Screening, Selection, Oversight, and Monitoring	
9		4/25	Leadership, Identity, and Missions	Problem Set 2 Due
10		4/27	Midterm Exam	
11		5/2	Relationships as Incentives when Performance is Unverifiable	

12	**PART IV Information and Decision Making in Organizations**	5/4	Information Aggregation	Problem Set 3 Distributed
13		5/9	Conformity and Groupthink	
14		5/11	Coordination	Problem Set 3 Due Hackathon Distributed
15	**PART V Behavioral Biases**	5/16	Heuristics and Frames	
16		5/18	No standard class; Lab Session for Hackathon instead	
17		5/23	Hackathon Presentations Ambiguity Aversion	Hackathon Materials Due Problem Set 4 Distributed
18		5/25	Hyperbolic Discounting	
19		5/30	No Class: Memorial Day	
20		6/1	Behavioral Revisit and Wrap Up	Problem Set 4 Due