



PUBLIC POLICY 32300: MICROECONOMICS AND PUBLIC POLICY I
Fall 2019

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For all emails to instructors and TAs please put PPHA32300 as the first part of the subject title.

Course goals: This course is the first of a two-quarter sequence in microeconomic theory. The course covers consumer choice, market equilibrium, and introduction to the theory of the firm. It provides a careful and rigorous presentation of the foundations of microeconomics. An important goal will be to show how these tools apply to various policy questions and applications will be discussed in tandem with the course material but the primary focus is on the tools and techniques of microeconomics and price theory. The course does not require prior training in economics, although prior courses will be helpful. Those with strong economics training might consider PPHA 32310.

Prerequisites: You will need no more mathematics than what has been covered in “Math Camp”.

Key Announcements:

- The syllabus, slides, and problem sets will be the same across all sections.
- We will generally post slides before lecture.
- **Textbook:** Goolsbee, Levitt, Syberson *Microeconomics 3rd ed* – available electronically (see below)
- **Lectures:** On Zoom (of course). All-Student Lecture on Monday, Sections (smaller lecture / discussion) on Wednesday and Thursday. Please attend the All-Student Lecture and your assigned Section. Lectures will also be recorded.
- **TA Sessions:** see below. All TA sessions will be joint across sections.
- **Requirements and grading:** Grades will be based on problem sets (20%), a midterm exam (35%), and a final exam (45%). Grades will be based on a curve, not specific numerical cut-offs
- **Problem Sets:** We will have roughly one problem set per week. You will work in groups.

ZOOM LECTURES

As we all know, this quarter we will meet online using Zoom. Micro I will be structured as follows:

- Monday 8:00-9:30am – All-Student lecture
- Wednesday and Thursday, smaller lecture / discussion sections – you sign up and attend one of these
 - Coleman:
 - Wednesday 1:30-2:50pm
 - Wednesday 3:30-4:50pm
 - Wednesday 7:00-8:20pm
 - Brot-Goldberg:
 - Wednesday 3:30-4:50pm
 - Wednesday 6:00-7:20pm
 - Wednesday 8:00-9:20pm
 - Thursday 10:30-11:50am
 - Thursday 2:00-3:20pm
 - Thursday 4:00-5:50pm

All these times are Chicago (with change from daylight savings on November 1). You should attend both lectures (the Monday All-Student plus your assigned Wednesday or Thursday section). The Zoom links are listed in Canvas – the link is different by Sections, but the link for each Section remains the same

throughout the quarter. Lectures will also be recorded and available on Canvas under “Zoom-University of Chicago Main Account” or under “Panopto Video”.

For this sort of on-line class it is terribly important to get feedback and questions during class time – **please ask questions**. Ask questions through public chat – everyone will see your question but that is good since other students will no doubt have the same question but be too shy to ask. The “hosting” TA will moderate questions and we will unmute you so you can ask your question. Clearly questions will be easier in the smaller sections, but we still encourage questions during the All-Student Lecture. We will start with this process and make adjustments based on your feedback.

PROBLEM SETS: We will have roughly one problem set per week. You will work in groups.

- Problem sets are due before the 1:30pm class on Wednesday. They will be handed back the following week.
- Study groups: For problem sets we require you to work in study-groups of 2-4 students. During week one we will arrange sign-up for forming groups. To facilitate group work and meetings, we will make sure to assign students in similar time zones.
- Please submit one problem set for the group. Submission will be on-line (Canvas) and may be done either as MS Word or .pdf. To ensure you get credit include the name and student ID numbers of all members of your group on the first page.
- The most important issue about doing problem sets in a group: **work the problems yourself before you meet with your group**. Having someone explain the problem to you is no substitute for working it yourself – you need to try and solve it yourself.
- Questions and concerns about grading should be directed to the TA who graded the problem set (will be posted). If you then wish to speak to an additional person on the matter, you should contact the head TA.
- **Late homework will not be accepted**

TA SESSIONS AND OFFICE HOURS: Teaching assistants will hold scheduled problem sessions to cover worked problems and review material from the previous week’s lectures. Students will sign up for specific TA sessions when they register for the course.

In addition to these classroom style sessions, TAs will also offer office hours, where you can receive more individualized attention on a first-come, first-served basis. These office hours, should you partake of them, will supplement the main TA sessions. You should ask questions about class material only when you remain confused after TA session. In addition, you should have attempted the homework and reviewed the relevant class and problem session materials thoroughly before bringing homework questions to TA office hours. Days, times, and locations of office hours will be posted on Canvas.

Note: Additional office hours will be held in advance of the midterm and final.

COURSE CANVAS PAGE: To access the course web page, go to <https://courses.uchicago.edu> and log in with you CNetID

EXAMS: The midterm will cover material from the lectures preceding that date. The final will cover material from the entire quarter. Dates and time for the exams will be announced in the beginning of the quarter. You must obtain permission from the Dean of Students to take an exam at any time other than the scheduled hours.

TEXTBOOK: We are using *Microeconomics 3rd ed* by Goolsbee, Levitt, Syverson. Earlier editions of the textbooks are fine if you already own one or would prefer to buy one used.

- Physical Version: If you are in Chicago, you can buy one from the bookstore
- Electronic: most of you will probably want to buy electronic or digital versions

<https://store.macmillanlearning.com/us/product/Microeconomics/p/1319105564>

- Sapling Plus (e-book plus on-line quizzes): 6 months \$99.99
- E-book: 6 months \$80.99

Here are some additional textbooks which can also provide background. The first two we will put on reserve in Regenstein, the third is available from McCloskey's website.

- CoreEcon *The Economy* <https://core-econ.org/the-economy/?lang=en>
- D. McCloskey *The Applied Theory of Price*. 2nd ed, 1985. Available for (free) download at <http://www.deirdremccloskey.com/docs/price.pdf> . This is a fun read.
- VARIAN: *Intermediate Microeconomics* by Hal Varian (with or without calculus – the two editions are essentially the same). This is a more technical and mathematical treatment of microeconomics.
- LANDSBURG: *Price Theory and Applications, 9th ed.* by Steven Landsburg. This is a nice intuitive approach, similar in many ways to Goolsbee, Levitt, Syverson.

Academic Integrity (aka Cheating)

This is a large and important class for your education here at Harris. We take academic integrity very seriously, and although we have the highest confidence in you as students we must also remind you that academic integrity and honesty are central to our mission as a school and to each of us as instructors, TAs, and students.

All University of Chicago students are expected to uphold the highest standards of academic integrity and honesty. Among other things, this means that students shall not represent another's work as their own, use un-allowed materials during exams, or otherwise gain unfair academic advantage. From the University's policy (link below): "It is contrary to justice, academic integrity, and to the spirit of intellectual inquiry to submit another's statements or ideas as one's own work. To do so is plagiarism or cheating, offenses punishable under the University's disciplinary system. Because these offenses undercut the distinctive moral and intellectual character of the University, we take them very seriously."

The Harris School's policies are available in the Harris Student Handbook Canvas site. All students suspected of academic dishonesty will be reported to the Harris Dean of Students for investigation and adjudication. The disciplinary process can result in sanctions up to and including suspension or expulsion from the University. In addition to disciplinary sanctions, we reserve the right to impose other sanctions, up a failing grade for the course for students who have committed academic dishonesty, regardless of performance on elements of the course.

University Policies: <https://studentmanual.uchicago.edu/academic-policies/academic-honesty-plagiarism/>

Note, of course, that for problem sets we are asking you to work in groups, and so *in this course* (but not necessarily other courses at Harris) collaborating on problem sets *is not* considered academic dishonesty – we are asking you to collaborate. We do require, however, that each group write up and hand in their own solution and put the group members on the solution set. This is as much for your own benefit as it is for ours – you need to work on the problems and understand the problems if you want to pass the midterm and final, and later classes here at Harris.

Summary & Draft Outline

Week/Lect	Date		Topic	<i>Microeconomics</i>
1 / 1	Wed		Introduction, Supply & Demand I	Ch 2
2 / 2	Mon		Supply & Demand II – using supply & demand	Ch 2
2 / 3	Wed		Supply & Demand III – Equilibrium, elasticities, Consumer Surplus	Ch 2&3
3 / 4	Mon		Supply & Demand IV – Consumer Surplus, Deadweight Loss, Taxes & Subsidies	Ch 3
3 / 5	Wed		Supply & Demand V – Welfare Theorems & Consumer Surplus	Ch 3
4 / 6	Mon		Preferences and Utility I. Preferences and Utility	Ch 4
4 / 7	Make-up		Preferences and Utility II: Combining budget set & preferences (utility function or indiff curves).	Ch 4
4 / 8	Wed		Demand I: Engel Curves; Income vs Substitution (Slutsky Eqtn); Applications (House size, Family size).	Ch 5
5 / 9	Mon		Demand II: Cross-price; Market demand curves.	Ch 5
5 / 10	Wed		Preferences and Utility, Demand: Example:	
Mon MIDTERM EXAM IN CLASS				
6 / 11	Wed		Finishing Consumer Theory: Examples: Avalanche, Children. Compensating Variation	Ch 5
7 / 12	Mon		Using Consumer Theory: Price Indexes, Income Effects, and Compensating Variation; Real Income	Ch 3, 5
7 / 13	Wed		Supply I: Production function, isoquants; Short-run & Long-run; Cost-minimization	Ch 6
8 / 14	Mon		Supply II: Returns to Scale; Technological change; Costs & cost curves.	Ch 6 / Ch 7
8 / 15	Wed		Supply III: Different types of costs (Fixed & Variable, Long & Short), Marginal Cost. Firm Supply: Profit Maximization	Ch 6 / Ch 7
9 / 16	Mon		Markets & Prices I: Competitive markets; Profit maximization; Short & Long Run	Ch 8
9 / 17	Wed		Markets & Prices II: Entry & Exit; Industry supply & Equilibrium (bringing together Consumers & Producers).	Ch 8
			FINAL EXAM	

Disability Accommodations

The University's policies regarding students with disabilities are available below. Students who have disability accommodations awarded by the University Student Disability Services Office should inform the Harris Dean of Students office by the end of the first week of class. The Harris Dean of Students Office will work with the student and instructor to coordinate the students' accommodations implementation.

Harris students are not required to submit their accommodations letter to the instructor. Students from other divisions in the University must submit their accommodations letter to either the instructor or the Harris Dean of Students Office.

Students who do not yet have formal accommodations in place but who feel they need accommodations on a temporary or ongoing basis should contact the Harris Dean of Students Office or Student Disability Services.

<https://studentmanual.uchicago.edu/university-policies/disability-accommodations/>

Diversity and Inclusion

The Harris School welcomes, values, and respects students, faculty, and staff from a wide range of backgrounds and experiences, and we believe that rigorous inquiry and effective public policy problem-solving requires the expression and understanding of diverse viewpoints, experiences, and traditions. The University and the Harris School have developed distinct but overlapping principles and guidelines to insure that we remain a place where difficult issues are discussed with kindness and respect for all.

The University's policies are available below. Specifically, the University identifies the freedom of expression as being "vital to our shared goal of the pursuit of knowledge, as is the right of all members of the community to explore new ideas and learn from one another. To preserve an environment of spirited and open debate, we should all have the opportunity to contribute to intellectual exchanges and participate fully in the life of the University."

The Harris School's commitments to lively, principled, and respectful engagement are available below: "Consistent with the University of Chicago's commitment to open discourse and free expression, Harris encourages members of the leadership, faculty, student body, and administrative staff to respect and engage with others of differing backgrounds or perspectives, even when the ideas or insights shared may be viewed as unpopular or controversial." We foster thought-provoking discourse by encouraging community members not only to speak freely about all issues but also to listen carefully and respectfully to the views of others.

<https://studentmanual.uchicago.edu/university-policies/>
<https://harris.uchicago.edu/about/who-we-are/diversity-inclusion>