Microeconomics and Public Policy I
PPHA32300
Fall 2021

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For all emails to instructors and TAs please put PPHA32300 as the first part of the subject title. Instructor office hours will be conducted on a sign-up basis for 10-minute slots. Details are at the end of this syllabus.

All courses meet on both Tuesday and Thursday at the given time below, in the given classroom. All times listed below are in Chicago time (with change from daylight savings on November 7).

Section 1 (Coleman): 8:00am-9:20am, Keller 0001
Section 2 (Coleman): 9:40am-11:00am, Keller 0001
Section 3 (Brot-Goldberg): 9:40am-11:00am, Keller 1002
Section 4 (Brot-Goldberg): 11:20am-12:40pm, Keller 0001
Section 5 (Kumar): 4:20pm-5:40pm, Keller 0001
Section 6 (Brot-Goldberg): 6:00pm-7:20pm, Zoom only

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, such as a previous economics major, might consider PPHA 32310.

Prerequisites

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

Key Course Details

- The syllabus, slides, and problem sets will be the same across all sections.
- We will generally post slides on Canvas before lecture.
- Textbook: Goolsbee, Levitt, and Syverson, Microeconomics 3rd ed – available electronically (see below)
- Lectures: Lecture formats are currently hybrid, with options for in-person and live online instruction, except for Section 6 with Prof. Brot-Goldberg, which will be conducted entirely online. Zoom links are given at the end of this document. The link is different by Sections, but the link for each Section remains the same throughout the quarter. We reserve the right to change teaching modality to online-only mid-quarter as the situation with COVID-19 evolves. We will give students early warning if this becomes necessary.
• **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.

**Course Canvas Page**

To access the course web page, go to [https://courses.uchicago.edu](https://courses.uchicago.edu) and log in with your CNetID

**COVID-19 Policy**

*Masks:* The Keller Center currently has a requirement that all students must wear masks appropriately during lecture. That applies to this course. **Students must wear masks throughout the lecture.** This is non-negotiable.

*If you think you have COVID-19 symptoms:* We recommend that students err on the side of caution and do not come to class. Instead, we recommend you attend remotely if you are well enough to do so, and watch the recorded lectures if you are not. This class has many opportunities to make up for being unable to attend an in-person class—please use these opportunities rather than put your fellow students and instructors at risk.

*If you fall seriously ill or experience other disruptive life events:* We encourage you to reach out to the Harris academic advising team. They will coordinate with the instructors of all of your courses to develop proper accommodations. You do not need to personally reach out to or explain your situation to the instructors to receive accommodations if you have set up an arrangement with the advising team.

*Zoom:* 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”.

**Lectures**

For this sort of class it is terribly important to get feedback and questions during class time – **please ask questions** – the professors will stop periodically to answer. For students attending in person, the usual protocol is to raise your hand and wait for the professor to call on you. For students attending via Zoom, post your questions on the public chat. The “hosting” TA will moderate and make sure the professor is aware of questions. The professor will unmute you to ask your question. If we do not have time to answer in class you can direct questions to us or TAs after class, but please no side-conversations in online chat. We will start with this process and make adjustments as necessary.

*For students attending lectures via Zoom:* We ask, when attending lectures, that you please turn on your video so people can get to know you. If you would prefer to have video turned off, that’s okay – but please upload a picture so your colleagues can “meet” you that way.

*Good behavior during lecture:* We encourage questions and open debate in lectures and discussion sections. Good behavior requires engaging with students, faculty, and staff in a lively, principled, and respectful manner. Questions and debate should focus on relevant topics of economics and policy - **personal or ad hominem arguments are not appropriate.** We reserve the right to remove participants who do not adhere to standards of good behavior.
Problem Sets

We will have one problem set per week, other than the week of the midterm and the final week of the course. You will work in groups.

- **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, and we will assign groups. For students attending remotely, we will solicit your time zone so as to group you appropriately. We will change groups after the midterm.
- Please submit one problem set for the group. Submission will be online using Gradescope (there is a link through Canvas) and should be done as a .pdf file. To ensure you get credit, include the name and student ID numbers of all members of your group on the first page. **Late problem sets will not be accepted.**
- 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.
- We know that your assigned group may not be your ideal group. We encourage you to work with and learn from each other nonetheless. If there are serious problems within your group, for example students not contributing or communicating at all, please email the Head TA, Claire Fan. She will escalate to the instructors as needed.
- Questions and concerns about grading should also be first directed to the Head TA, Claire Fan.
- The point of problem sets is to help you learn the material, rather than purely to evaluate you, which is why they receive significantly lower weight in your final grade. Working hard on the problem set is good practice for the midterm and final, but problem set scores are rarely pivotal for students’ grades.

Grading

As mentioned above, final grades in this course have three components: Problem sets (20%), the midterm exam (35%), and the final exam (45%). Attendance in lecture and TA sessions is not a component of your grade, although we strongly recommend it so students can stay on track in the course.

Like all Harris Core courses, this course is graded on a curve based on students’ relative ranking across all sections. This curve is mandated by Harris and instructors are compelled to adhere to it; therefore, requests for final grade “bumps” cannot be satisfied no matter what the circumstance is.

<table>
<thead>
<tr>
<th>Grade</th>
<th>Description</th>
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<tbody>
<tr>
<td>A</td>
<td>Top 1/8</td>
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<tr>
<td>A-</td>
<td>Next 1/4</td>
</tr>
<tr>
<td>B+</td>
<td>Next 1/4</td>
</tr>
<tr>
<td>B</td>
<td>Next 1/4</td>
</tr>
<tr>
<td>B- and below</td>
<td>Bottom 1/8</td>
</tr>
</tbody>
</table>

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.
Instructor Office Hours

The instructors will conduct office hours. **Due to COVID-19, we will be conducting regular office hours over Zoom.** Instructor office hours are meant for answering high-level questions about lecture materials and topics, and the course. In general instructor office hours are *not* meant for long reviews of problem set questions—questions about problem sets are better directed towards Piazza or TAs. Students may feel free to attend any instructor’s office hours, regardless of what section they are enrolled in. Remote-only students in Section 6 who cannot make the office hours due to time zone issues should reach out to Prof. Brot-Goldberg for accommodation as needed.

*Prof. Brot-Goldberg:* Tuesday 3pm-5pm  
Sign up for a 10-minute slot at [https://calendly.com/zarek/office-hours](https://calendly.com/zarek/office-hours)

*Prof. Coleman:* Tuesday 4pm-6pm  
Sign up for a 10-minute slot at

*Prof. Kumar:* Monday 3pm-5pm  
Sign up for a 10-minute slot at [https://calendly.com/navinkumar2/office-hours](https://calendly.com/navinkumar2/office-hours)

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. Attendance at problem sessions is recommended. Students will sign up for specific TA sessions when they register for the course. All TA sessions will be held in person other than 1 and 8, which will be held remotely.

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, and will be served by the TAs in rotation. You should ask questions about class material only when you remain confused after TA sessions. 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 Zoom links for office hours will be posted on Canvas and at the end of this syllabus.

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

TA Session Schedule

All TA sessions are held on Friday at Chicago time. Zoom links for Sections 1 and 8 are at the end of this document.

Section 1 (Ran Cheng): 7:30am-8:50am, **Zoom only**
Section 2 (Adriana Martella): 9:10am-10:30am, Keller 1022
Section 3 (Danielle Nemschoff): 10:50am-12:10pm, Keller 0001
Section 4 (Alyssa Reitz): 10:50am-12:10pm, Keller 1022
Section 5 (James Zimmerman): 1:30pm-2:50pm, Keller 0001
Section 6 (Natasia Engeline): 1:30pm-2:50pm, Keller 0023
Section 7 (Emily Rice): 3:30pm-4:50pm, Keller 0001
Section 8 (Eunji Kim): 6:00pm-7:20pm, **Zoom only**
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 rent electronic or digital versions.
- Link: [https://store.macmillanlearning.com/us/product/Microeconomics/p/1319105564](https://store.macmillanlearning.com/us/product/Microeconomics/p/1319105564)
- E-book is $83.99 to rent for 1 term (6 months)
- Achieve (e-book + extra online practice problems) is $100 for 1 term

Supplemental study: Here are some additional textbooks which we recommend for supplemental study.
- CoreEcon Team, *The Economy* – free (open-source) at [https://core-econ.org/the-economy/?lang=en](https://core-econ.org/the-economy/?lang=en). This is an off-beat approach to the material covered in the Harris Micro sequence. They cover material in a different order than our course, with many real-world applications.
- Hal Varian, *Intermediate Microeconomics* (with or without calculus – the two editions are essentially the same). This is a more technical and mathematical treatment of microeconomics.
- Steven Landsburg, *Price Theory and Applications, 9th ed.* This is a nice intuitive approach, similar in many ways to Goolsbee, Levitt, Syverson.

Zoom Links

Section 1 (Coleman): TBD
Section 2 (Coleman): TBD
Section 3 (Brot-Goldberg): [https://uchicago.zoom.us/j/97437841318?pwd=YkkrUVlzOXZWRkszVkJ4emlTz3FDUT09](https://uchicago.zoom.us/j/97437841318?pwd=YkkrUVlzOXZWRkszVkJ4emlTz3FDUT09)
Section 4 (Brot-Goldberg): [https://uchicago.zoom.us/j/99970046241?pwd=Z0NBRStPWjA1aEJDKzRPeHVMaSptsQT09](https://uchicago.zoom.us/j/99970046241?pwd=Z0NBRStPWjA1aEJDKzRPeHVMaSptsQT09)
Section 5 (Kumar): [https://uchicago.zoom.us/j/99676848658?pwd=cEhpVTBZeWxXRhMmo4dElrUENEZz09](https://uchicago.zoom.us/j/99676848658?pwd=cEhpVTBZeWxXRhMmo4dElrUENEZz09)
Section 6 (Brot-Goldberg): [https://uchicago.zoom.us/j/95775478789?pwd=Zy9oS3hndEpBSiNJRzJOLz3LDz09](https://uchicago.zoom.us/j/95775478789?pwd=Zy9oS3hndEpBSiNJRzJOLz3LDz09)

TA Section 1 (TBD): TBD
TA Section 8 (TBD): TBD

Brot-Goldberg Office Hours: [https://uchicago.zoom.us/j/99330927720?pwd=Rlm5TzdnoNolFVHBBRUZsNWIzLZnVRQTo9](https://uchicago.zoom.us/j/99330927720?pwd=Rlm5TzdnoNolFVHBBRUZsNWIzLZnVRQTo9)
Coleman Office Hours: TBD
Kumar Office Hours: [https://uchicago.zoom.us/j/91206723948?pwd=ZVJuOUt4akE2bGs4MEtQenlGRG0rUT09](https://uchicago.zoom.us/j/91206723948?pwd=ZVJuOUt4akE2bGs4MEtQenlGRG0rUT09)
Tentative Course Schedule

<table>
<thead>
<tr>
<th>Week/Lect</th>
<th>Day</th>
<th>Date</th>
<th>Topic</th>
<th>Textbook</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 / 0</td>
<td>Tu</td>
<td>9/28</td>
<td>Introduction, Supply &amp; Demand I</td>
<td>Ch 2</td>
</tr>
<tr>
<td>1 / 1</td>
<td>Th</td>
<td>9/30</td>
<td>Supply &amp; Demand II: Equilibrium, elasticities</td>
<td>Ch 2</td>
</tr>
<tr>
<td>2 / 2</td>
<td>Tu</td>
<td>10/5</td>
<td>Supply &amp; Demand III: Social welfare, consumer surplus, deadweight loss, welfare theorems</td>
<td>Ch 3, 15.2, 15.6</td>
</tr>
<tr>
<td>2 / 3</td>
<td>Th</td>
<td>10/7</td>
<td>Supply &amp; Demand IV: Price/quantity regulations, taxes &amp; subsidies</td>
<td>Ch 3</td>
</tr>
<tr>
<td>3 / 4</td>
<td>Tu</td>
<td>10/12</td>
<td>Preferences and Utility I: Consumer preferences and utility functions</td>
<td>Ch 4</td>
</tr>
<tr>
<td>3 / 5</td>
<td>Th</td>
<td>10/14</td>
<td>Preferences and Utility II: Budget sets, indifference curves, combining budget sets &amp; utility functions</td>
<td>Ch 4</td>
</tr>
<tr>
<td>4 / 6</td>
<td>Tu</td>
<td>10/19</td>
<td>Demand I: Responses to income and price changes</td>
<td>Ch 5</td>
</tr>
<tr>
<td>4 / 7</td>
<td>Th</td>
<td>10/21</td>
<td>Demand II: Cross-price; market demand curves; Slutsky decomposition</td>
<td>Ch 5</td>
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<tr>
<td>5 / 8</td>
<td>Tu</td>
<td>10/26</td>
<td>TBD</td>
<td>Ch 5</td>
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<tr>
<td></td>
<td>Th</td>
<td>10/28</td>
<td>Midterm exam based on the above material</td>
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<tr>
<td>6 / 10</td>
<td>Tu</td>
<td>11/2</td>
<td>Supply I: Production function, isoquants; short-run &amp; long-run analysis; cost-minimization</td>
<td>Ch 6</td>
</tr>
<tr>
<td>6 / 11</td>
<td>Th</td>
<td>11/4</td>
<td>Supply II: Returns to scale; technological change; costs &amp; cost curves.</td>
<td>Ch 6, 7</td>
</tr>
<tr>
<td>7 / 12</td>
<td>Tu</td>
<td>11/9</td>
<td>Supply III: Different types of costs (fixed &amp; variable, long &amp; short), marginal cost, firm supply, profit maximization</td>
<td>Ch 6, 7</td>
</tr>
<tr>
<td>7 / 13</td>
<td>Th</td>
<td>11/11</td>
<td>Markets &amp; Prices I: Competitive markets; profit maximization; short &amp; long run</td>
<td>Ch 8</td>
</tr>
<tr>
<td>8 / 14</td>
<td>Tu</td>
<td>11/16</td>
<td>Markets &amp; Prices II: Entry &amp; exit; industry supply &amp; equilibrium (bringing together consumers &amp; producers).</td>
<td>Ch 8</td>
</tr>
<tr>
<td>8 / 15</td>
<td>Th</td>
<td>11/18</td>
<td>General Equilibrium: Complements and substitutes, input markets</td>
<td>Ch 15.1</td>
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<tr>
<td></td>
<td>Tu</td>
<td>11/23</td>
<td>Thanksgiving break</td>
<td></td>
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<tr>
<td></td>
<td>Th</td>
<td>11/28</td>
<td>Thanksgiving break</td>
<td></td>
</tr>
<tr>
<td>9 / 16</td>
<td>Tu</td>
<td>11/30</td>
<td>Externalities: Market inefficiency, Pigouvian taxation and quotas, Coase theorem, repugnance</td>
<td>Ch 17</td>
</tr>
<tr>
<td>9 / 17</td>
<td>Th</td>
<td>12/2</td>
<td>Behavioral Economics: Internalities, sugary drink tax example, endowment effect</td>
<td>Ch 18</td>
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<td>TBD</td>
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<td>Final Exam</td>
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**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 ensure 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.

University policies: [https://studentmanual.uchicago.edu/university-policies/](https://studentmanual.uchicago.edu/university-policies/)
Harris policies: [https://harris.uchicago.edu/about/who-we-are/diversity-inclusion](https://harris.uchicago.edu/about/who-we-are/diversity-inclusion)

**Title IX Reporting Responsibilities**

Your instructor and TAs for this class are designated as “responsible employees” under the US law known as Title IX. We have a duty to report incidents of sexual harassment, including sexual violence, domestic violence, dating violence, and stalking, or other misconduct to appropriate school officials.

**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.

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—we recommend submitting it to the Dean of Students office for fastest reply.

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.

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

Student Mental Health and Other Support

If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, remote counseling services are available. Student Counseling Service (SCS) urges you to attend to your mental wellbeing and to reach out to them for support during these challenging times. All SCS services are covered by the Student Life Fee, and there is no additional cost for students to access their services. See https://wellness.uchicago.edu/mental-health/student-counseling-service-spring-quarter-faq/. Students seeking new services/resources can call 773.702.9800 during business hours (Monday–Friday 8:30 a.m.–5 p.m.) and ask to speak with a clinician. Students needing urgent mental health care can speak with clinicians over the phone 24/7 by calling the SCS at 773.702.3625.

The Harris School itself provides both academic and non-academic support services for students. These resources are described (and links provided) via the Canvas site Harris Student Handbook, which all Harris instructors can access.

University of Chicago Policy on Lecture Recordings

By attending course sessions, students acknowledge that:
1. They will not: (i) record, share, or disseminate University of Chicago course sessions, videos, transcripts, audio, or chats; (ii) retain such materials after the end of the course; or (iii) use such materials for any purpose other than in connection with participation in the course.

2. They will not share links to University of Chicago course sessions with any persons not authorized to be in the course session. Sharing course materials with persons authorized to be in the relevant course is permitted. Syllabi, handouts, slides, and other documents may be shared at the discretion of the instructor.

3. Course recordings, content, and materials may be covered by copyrights held by the University, the instructor, or third parties. Any unauthorized use of such recordings or course materials may violate such copyrights.

4. Any violation of this policy will be referred to the Area Dean of Students.