

PPHA 58101 - Economic Analysis I: Microeconomics Winter 2025

Class Meetings	Thursdays 6:00 – 8:50pm Location: 1871 Innovation Hub (222 W Merchandise Mart Plaza #1212)
Instructor	Sheng-Hao Lo (he/his/him) Assistant Instructional Professor shenghaolo@uchicago.edu Office Hours at 1871: Thursdays 5:00 – 5:50pm Office Hours on zoom by appointment only: Wednesdays 7:30 – 8:30pm
Teaching Assistants	TBD Office Hours: TBD on Zoom

Course Overview and Objectives:

PPHA 58101 is the first course of a three-quarter sequence in economic analysis. By the end of this course, you will be able to:

- Understand how markets allocate scarce resources (labor, capital, land, and so on), and the strengths and shortcomings of markets as a way to allocate resources
- Think critically about incentives and how consumers and firms might respond to incentives in practice
- Apply micro-economic thinking to policy questions
- Be prepared for future coursework in economics and for a future career in economics and policy

We will achieve these goals using both theoretical models and applications. We use models because they help us distill the essential features and economic forces that govern a particular economic situation. Models add rigor to our thinking and help sharpen our intuition for economic phenomena. We will also apply microeconomic principles in evaluating economic outcomes. Students will be encouraged to think critically about how people and organizations respond to incentives, whether those incentives are generated by markets (e.g. through prices), governments (e.g. through taxes and regulation), or other forces, through application of economic models. We will illustrate both the value and the limitations of models by discussing how they inform applied economic and policy problems. I will often draw applications from a variety of subject areas, including inequality, education, housing markets and environmental economics and policy. A final goal is to be able to articulate the trade-offs of public policy interventions into markets or other economic decisions.

Textbook:

- The required text for this course will be the third edition of Microeconomics by **Goolsbee, Levitt, and Syverson** (which we will hereafter refer to as **GLS**). The ISBN-13 identifier for the book is 978-1-319-10556-3. The second edition of GLS is a viable substitute, but some of the chapter and section numbers may have changed.
- We will also use the online resources developed by the CORE project (<https://www.core-econ.org/>), especially their introductory e-textbook available at <https://core-econ.org/the-economy/book/text/0-3-contents.html>.

Course Structure:

The course consists of 9 modules, one for each week of the quarter. Each module will have the following components:

- **Class meetings:** Each module is centered on our class meetings that will occur on Thursday evenings from 6:00 – 8:50pm. Class meetings will involve a mix of:
 - Lecture on new course material, engaging the class with questions and answers
 - Discussion of students' questions about the recorded lectures (based on questions posted to the Canvas discussion board)
 - Small group work on economic and policy questions, followed by full class discussion of those questions

To maximize the quality of our class meetings, it is essential that students arrive having completed all the necessary preparation. The pre-work for each module includes:

- Completing the readings for the module;
 - Viewing the recorded lectures;
 - Taking self-assessment quizzes;
 - Engaging in the Q&A on the Canvas discussion board.
- **Readings:** Each module will be tied to specific sections of the textbook (GLS) and will potentially also include readings from the CORE project and other outside sources.
 - **Recorded lectures:** At least one week before the module's live sections, I will post recordings that you may watch and engage with as many times as you like. A typical week will involve several recorded lectures, which will typically be 10-20 minutes in length. To get the most out of these recordings, it is essential that you treat them as you would an in-person lecture, and not treat them like watching a movie. For instance, to stay engaged with the material, you should follow along and take notes of your own as I write notes on the slides.
 - **Self-assessment quizzes:** Each module (except the first) will include quizzes that you should take to test your understanding. I will provide answers to all quizzes. If you have trouble answering a question, that is a sign that you should review the relevant material (in the recordings, readings, or both) and/or post a question onto the Canvas discussion

board. Completion of these quizzes will count towards your final grade in the course (see more on this below).

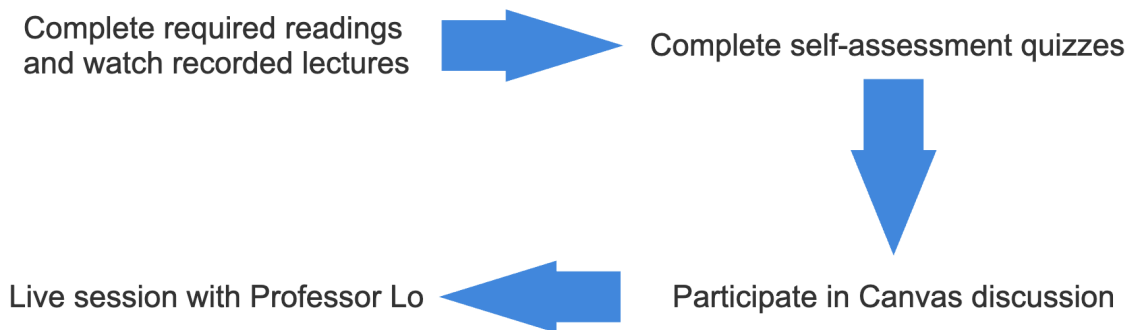
- **Canvas discussion board:** After viewing the recordings and taking the self-assessment quizzes, you should use the Canvas discussion board to ask questions. You can ask me and the TA to clarify material that was confusing.

Before posting a question on the discussion board, you should first review other students' questions to see if your question has been asked (and potentially answered). I will discuss widely-asked questions during our class meetings.

- **Office hours:** The TA and I will hold regular weekly office hours to interact with students one-on-one or in small groups. I will hold open-access office hours in the 1871 Innovation Hub on Thursdays from 5:00 – 5:50pm before class. I will also hold office hours over Zoom on Wednesday evenings from 7:30 – 8:30pm. Students (or groups of students) can reserve 10 minute slots for these office hours via Calendly (link available on the course's Canvas site). The TA's drop-in office hours are TBD on Zoom, with no appointments necessary (though feel welcome to contact in advance to highlight questions you plan to ask).

To see how these components fit together into a module, consider the schedule we will use for Module 2:

- Readings and recorded lectures posted no later than Wednesday, January 8
- Self-assessment quiz and Canvas discussion open Wednesday, January 8
- Complete the readings and watch recorded lectures by Wednesday, January 15
- Participate in Canvas discussion (if any)
- Live session with cohorts and Professor Lo on Thursday, January 16



Grading:

Grades will be based on the self-assessment quizzes, problem sets, writing assignment, and a final exam. All assignments except the quizzes should be submitted through Gradescope as a single pdf document.

- **Quizzes:** You will receive credit for completing the self-assessment quizzes on Canvas. Your grade on each quiz will be based on whether you completed it, not whether your answer was correct. To achieve full credit on this part of the course, you must complete 6 of the 8 quizzes. Quizzes will be due Wednesday evenings at 11:59pm.
- **Problem sets:** There will be three problem sets due throughout the quarter. They are due at the following dates and times. **Late submissions will not be accepted.**
 - Problem set 1: Friday, January 24, 11:59pm
 - Problem set 2: Friday, February 7, 11:59pm
 - Problem set 3: Friday, March 7, 11:59pm

These problem sets are designed to give you practice working with economic models and thereby help you learn the material. You may discuss problem sets with other students in the class, but the solutions you submit must be your own work. I strongly encourage you to work on the problems yourself before collaborating with others.

You will get full credit for a given problem set if you demonstrate serious effort on each problem, even if your answer is not correct. I will post solutions to each problem set after they are due.

- **Writing assignment:** The writing assignment is designed to encourage you to apply economic concepts to a current public policy issue. It is due on **Friday, February 21 at 11:59pm. Late submissions will not be accepted.**

You may do the writing assignment individually, or if you wish you may collaborate in a group of **no more than three students**. If you work in a group, you should turn in a single assignment for the group, and all students in the group will receive the same grade. **You may not discuss this assignment at all with any student outside of your group.**
- **Final exam:** The final exam will be open book and open notes. However, you may not collaborate with classmates or any other individual. You will be able to choose when to take the exam anytime within the window **Saturday, March 8 at 10:00am to Friday, March 14 at 10:00pm**. Once you begin, you must complete the exam in two hours.

At the end of the course, each of the four components (quizzes, problem sets, writing assignment, and the final exam) will have numerical grades out of 100 possible points each. Each student's overall numerical grade will then be determined by a weighted sum of the assignment scores as follows:

- For students who did better on the writing assignment than the exam, the weights will be 15% on the quizzes, 15% on the problem sets, 40% on the writing assignment, and 30% on the exam.
- For students who did better on the exam than the writing assignment, the weights will be 15% on the quizzes, 15% on the problem sets, 30% on the writing assignment, and 40% on the exam.

This grading scheme therefore puts higher weights on the assignment on which each student performed more strongly. This approach rewards students' best efforts and mitigates the harm to a grade that can come from a single bad assignment.

After the assignment weights are applied, students' overall numerical grades will be the basis for assigning letter grades. Per grading policy at Harris, students will be graded on the established curve. Final letter grades will be distributed as follows, with modest deviations permitted in cases where students on either side of a cutoff have nearly identical numerical scores:

A	1/8
A-	1/4
B+	1/4
B	1/4
B- and below	1/8

Course Outline:

Module 1 (class meeting: Jan 9): Class introduction. Broad discussion about markets. Absolute advantage vs. Comparative advantage.

Module 2 (class meeting: Jan 16): Demand, supply, and competitive equilibrium

Module 3 (class meeting: Jan 23): Welfare, surplus, and Pareto efficiency. Externalities.

Module 4 (class meeting: Jan 30): Elasticities. Price control policies.

Module 5 (class meeting: Feb 6): Taxes and subsidies. Tax incidence. Taxes and inequality.

Module 6 (class meeting: Feb 13): Welfare effects of taxes and subsidies. Pigouvian taxes.

Module 7 (class meeting: Feb 20): Production decisions. Marginal vs average cost. Intro to market power.

Module 8 (class meeting: Feb 27): Monopolies, oligopolies, and competition policy.

Module 9 (class meeting: Mar 6): Price controls in monopoly markets. Fixed and sunk costs. Natural monopoly regulation.

Course Policies:

- General
 - There is no attendance requirement, but regular attendance is necessary to succeed in this course. However, if you get sick, are caring for a sick relative, have a tough situation, or anything else that becomes an obstacle to your coursework, please inform me and TA as soon as you are able.
 - The class webpage is available through the Canvas site. I will use it to post announcements, assignments, the final exam and grades. Communication will happen primarily through the posting of materials on Canvas, including postings to Announcements, the discussion board and emails. Please note that you are responsible for checking your UChicago email account and Canvas site regularly.
 - Emails can sometimes be inefficient. If you have a question about the class or the material, others probably do as well! Discussions are highly valued in this class, so post your questions to the Discussion board, and feel free to answer questions from your classmates! TA and I will monitor and respond.
 - If you have a question or concern about something you don't want to discuss publicly, please email me. I will respond to email in a timely manner. Please include "EA1 - Microeconomics:" as a prefix to your subject.

- Contesting a Grade
 - If you would like to contest a grade, you must do so in Gradescope within one week of receiving your grade for that assignment or exam. To submit a Regrade Request, first click on the question that you wish to submit a request for in Gradescope. This will display the rubric for that question and highlight the rubric items that were applied. Once a question has been selected, click the Request Regrade button in the bottom action bar. A textbox will appear allowing you to type an explanation of the request for the specific question that was chosen. See <https://help.gradescope.com/article/8hchz9h8wh-student-regrade-request> for detailed guidance.
 - We will not respond to regrade requests submitted more than one week after receiving your grade.

- Academic Integrity
 - All University of Chicago students are expected to uphold the highest standards of academic integrity and honesty. 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. This means that students shall not represent another's work as their own, use impermissible materials during exams, or otherwise gain an unfair academic advantage. To do so is plagiarism or cheating, offenses punishable under the University's disciplinary system. All students suspected of academic

dishonesty will be reported to the Harris Dean of Students for investigation and adjudication.

- I trust every student in this course to fully comply with all of the provisions of UChicago and Harris' integrity policies. Here are specific expectations:
 - For problem sets, you may discuss with your study group members, but you must do your own work; every student is supposed to complete the assignments and submit their own slides.
 - On final exam, it is expected that you will neither receive nor give aid, nor access any material other than items explicitly outlined in the exam instructions.
 - During the entire quarter, it is expected that you will not access old assignments, exams, answer keys, or any other class material at any time. Note that this applies both to class material obtained from other students and to class material students retaking the class may have access to. Also, it is expected that you will neither post any class material on the internet nor share any class materials with other students through any other means after the quarter.
 - If the academic dishonesty occurred on a problem set, the student will receive a score of zero on that problem set, and the student's highest possible letter grade for the course will be a C+.
 - If the academic dishonesty occurred on a writing assignment or the final exam, the student will receive a grade of F in the course.
 - The University's policy and procedures related to academic integrity can be found at studentmanual.uchicago.edu/academic-policies/academic-honesty-plagiarism/.
- Americans with Disabilities Act
 - Students with disabilities needing academic accommodation should contact UChicago's Student Disability Services (SDS). Please see their webpage for contact information (<https://disabilities.uchicago.edu>). If SDS determines a disability accommodation is appropriate, you 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 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.

- UChicago Student Resources
 - If you or someone you know is feeling overwhelmed, depressed, and/or in need of support, 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/>. 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.

- Diversity and Inclusion
 - Harris welcomes, values, and respects students 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.
 - UChicago is committed to diversity and rigorous inquiry that arises from multiple perspectives, and Harris encourages thought-provoking discourse that involves not only speaking freely about all issues but also listening carefully and respectfully to the views of others. I concur with this commitment and view the diversity that students bring to my class as a valuable resource and a benefit to learning. I expect to maintain a productive learning environment based on open communication, mutual respect, and non-discrimination, and strive to present materials in a way that is respectful of diverse student backgrounds. As there can always be a gap between intent and execution, suggestions for promoting a positive and open environment are welcomed. Please feel free to correct me on your preferred name and gender pronouns if necessary.

- Policy on ChatGPT and Use of Other Large Language Models
 - For the purposes of this class, ChatGPT and other large language models are considered to be external resources. In general, you may consult external resources when preparing responses for problem sets and the writing assignment. However, the words written and handed in must be your own (i.e., there should be no unquoted text prepared by an external source). Similarly, using external resources on the final exam is not allowed, including the use of ChatGPT and other large language models.