New York University
Robert F. Wagner Graduate School of Public Service
P11.1018 Microeconomics, Summer 2010

Tuesdays and Thursdays 6:45-9:30PM, 194 Mercer, Room 307
May 18 – July 29…See Schedule for specific dates

Professor Peter Nickerson
Office Hours: 5:15-6:15pm on class days, Puck 3045
Email: peter.nickerson@nyu.edu

Recitations: Wednesdays 6:45- 8:25PM
May 19 through July 28.)
LC-9 Tisch Hall
Teaching Colleague: Neene Owate noo201@nyu.edu

Tutoring: Mondays 6:00-8:00PM and by Appointment
Puck Conference Room (TBD)
Tutor: Mathew Looney matthewlooney@gmail.com

COURSE DESCRIPTION AND OBJECTIVES

The primary purpose of the microeconomics core course is to enable you to use microeconomic thinking, concepts and tools in your professional public service work. Accomplishing this also requires refreshing and strengthening your quantitative skills.

The course begins with the basics of supply and demand and market operations, and uses this as the context for considering consumer and organizational decisions within a given market structure. The course builds to applying economic analysis to a variety of public issues such as the effects of taxation, the market structure of health care, the impacts of the minimum wage, the effects of international trade and various approaches to environmental externalities.

By the end of the course you should be able to articulate the economic context and analysis of a public problem, use economic concepts in managerial and policy decisions, and progress to second level courses confident of your understanding of microeconomics and its tools.

REQUIRED BOOKS


BLACKBOARD

You must have access to the class Blackboard site at http://classes.nyu.edu/
All announcements and class related documents (extra readings, discussion questions, class handouts, answers to assignments etc.) will be posted here. If you have not activated your NYU net account or have forgotten your password, you can activate or change your password at http://start.nyu.edu. Your account must be activated to access Blackboard.

Some class announcements will also be distributed via e-mail. Thus, it is important that you actively use your NYU e-mail account, or have appropriate forwarding set up.

COURSE REQUIREMENTS

Readings: Readings should be done prior to the class for which they are listed. Additional optional readings are posted on Blackboard.

Discussion Questions: In some weeks, a short article and associated discussion questions are assigned and posted on Blackboard. You should read the article and write down your answers to the discussion questions prior to class. This will form the basis of in-class discussion. Your participation in the class discussion will affect your grade at the margin.

Practice Exercises: The assigned exercises should be completed prior to class. These are not graded but we will assume you have done them and some lectures will build upon them. The practice exercises assigned from Krugman-Wells are slightly more challenging. The answers to these exercises will be posted on Blackboard.

Assignments:
(10% of grade): Completion of 9 written assignments, posted on Blackboard under “Assignments”. These apply concepts from the course to specific problems, and they form the basis for much of the weekly Recitation sections. Assignments that are turned in late will not receive any credit. These assignments are intended both to provide timely feedback on your progress, and to teach concepts. They are graded on a check/plus/minus scale to promote learning.

Exams:
(40% of grade): In-class midterm exam. No make-ups.
(50% of grade): Cumulative final exam, covering material from the entire course. No make-ups.
*If you have a conflict with the scheduled exam dates, you should not take this course.*
TUTORING AND RECITATION SESSIONS

Weekly recitation sessions: Recitation sessions begin on Wednesday May 19 and cover the same material for any given week:

Recitation sessions will not cover new material. They review material from the previous class primarily by going over problems. Assignments will be reviewed in these sessions, not during class time. While attendance is not mandatory, the ability to understand and complete the materials reviewed in these sessions is. The average student will need to attend these reviews. We strongly encourage you to attend through at least the first half of the semester.

Tutoring hours: We have scheduled tutoring office hours to provide one-on-one tutoring. This tutoring is not a substitute for the recitation sessions, but an additional resource for questions best addressed one-on-one.

STATEMENT OF ACADEMIC INTEGRITY

As members of the NYU Wagner community, we are all expected to adhere to high standards of intellectual and academic integrity. Wagner’s academic code can be found here: http://wagner.nyu.edu/current/policies/index.php

For this particular course, there are some specific behaviors required to meet our standards of academic integrity:

Assignments: While we strongly encourage all students to work in groups, the final write up of assignments must be done individually with no sharing of written answers.

Exams: All exams must be the sole work of the individual student.

Violations of these standards will automatically result in all participating students failing the course and being remanded to the discipline committee for further action.
COURSE SCHEDULE:

Class 1 May 18
Class 2 May 20 Assignment 1
Class 3 May 27 Assignment 2
Class 4 June 1
Class 5 June 8 Assignments 3 and 4
Class 6 June 10 Assignment 5
Class 7 June 15 Assignment 6

REVIEW June 22/23

Class 8 Midterm Examination June 24

Class 9 June 29
Class 10 July 6 Assignment 7
Class 11 July 8
Class 12 July 13 Assignment 8
Class 13 July 20 Assignment 9
Class 14 July 22 Assignment 10

REVIEW July 27/28

Class 15 July 29 Final Examination

Recitations are scheduled every Wednesday.
Tutoring is on Monday nights beginning May 26
COURSE OUTLINE: Readings, discussion questions and exercises should be completed BEFORE the class for which they are listed.

Class 1: Introduction to microeconomics and why it matters for public service
An introduction to microeconomics and its core principles; main methods and tools of economics (models, variables, graphs, equations); the production possibility frontier as an illustration of scarcity, choice and opportunity cost; comparative advantage and gains from trade.
Reading: KW Introduction, Ch 1, 2 (including appendix) and 8 (up to p.205)
Exercises: Study Guide - Ch 1 problems 1, 2; Ch 2 problems 2, 3, 4, 13.
KW - Ch 2 problems 2, 4, 5, 6.

Class 2: Demand and supply basics: price determination
Fundamental model of competitive markets, demand and supply curves; market determination of price and market equilibrium.
Reading: KW Ch 3
Exercises: Study Guide - Ch 3 problems 2, 3, 4, 5, 6, 7.
KW - Ch 3 problems 1, 2, 4.
ASSIGNMENT 1 due in class

Class 3: Consumer and producer surplus, elasticity
Measuring gains from trade using surplus; the shape of demand and supply curves; income and substitution effects; the importance of elasticity and its measurement.
Reading: KW Ch 4 and 6
Exercises: Study Guide - Ch 4 problems 1, 2, 4, 5, 8; Ch 6 problems 1, 2, 4.
KW - Ch 4 problems 7, 10, 11; Ch 6 problems 12, 13, 15, 16.
ASSIGNMENT 2 due in class

Class 4: Policy interventions that affect price and efficiency: taxes and price ceilings, price floors
What happens when policy interventions interfere with the market price? Tax incidence, deadweight loss and efficiency; price ceilings, price floors and quantity controls
Reading: KW Ch 5 (up to page 132) and 7
Exercises: Study Guide - Ch 5 problems 3, 4; Ch 7 problems 1, 2, 3, 4.
KW - Ch 7 problems 6, 7.
Discussion questions: on Blackboard

Class 5: International trade and tariffs
International trade and tariffs, import and export constraints. Review of economic applications.
Reading: KW Ch 8 (p. 205 on).
Exercises: Study Guide - Ch 8 problem 2.
KW - Ch 8 problems 1, 2, 4, 10.
ASSIGNMENTS 3 and 4 due in class
Class 6: Production: framing decisions, costs, profits, price-taking in competitive markets and supply
Decisions made by organizations that result in the supply of goods and services; implicit costs, opportunity costs, and economic profit; production functions, cost functions
Reading: KW Ch 9 (up to page 239), 12 and 13.
Exercises: Study Guide - Ch 9 problem 4; Ch 12 problems 5, 6; Ch 13 problems 1, 2, 5.
KW Ch 12 problems 2-5; Ch 13 problems 1, 2, 8.
ASSIGNMENT 5 due in class

Class 7: Consumer choice and decision-making
Rational decision-making for price taking consumers; budget constraints, utility and indifference curves; income and substitution effects., Economic Applications
Reading: KW Ch 10 and 11 Theory of Consumer Choice.
Exercises TBD
Discussion questions: on Blackboard
ASSIGNMENT 6 due in class

Class 8: In-class midterm examination

Classes 9 and 10: Imperfect competition: price searching and product differentiation, monopoly and barriers to entry
Market structures and the their effects on the marketplace; price searchers, monopoly as one form of imperfect competition; price discrimination, the dominant firm
Reading: KW Ch 14 and 16 and on Blackboard
Exercises: Study Guide - Ch 14 problems 1, 2, 3.
KW - Ch 14 problem 10. Ch 16 3, 5, 11
Discussion questions: on Blackboard

Class 11: Input markets, labor markets, and the distribution of income
Input markets, with special focus on labor markets; labor market demand and supply; human capital theory; compensating differentials; discrimination in labor markets and inequality. Markets in labor markets
Reading: KW Ch 20.
Exercises: Study Guide - Ch 20 problems 2, 3, 4, 8, 9.
KW - Ch 20 problem 10.
ASSIGNMENT 7 due in class

Class 12: Imperfect Information and Incentives
Asymmetric information; moral hazard and adverse selection in insurance markets and the workplace; principal-agent problems and incentives; applications to healthcare.
Reading: TBD
Exercises: TBD
ASSIGNMENT 8 due in class
Class 13: Externalities
Positive and negative externalities; remedies involving market incentives; the role of property rights.
**Reading:** KW Ch 17.
Plastic Bag taxes (on Blackboard)
**Exercises:** Study Guide - Ch 17 problem 1, 3, 4.
KW - Ch 17 problems 4-5.
**ASSIGNMENT 9 due in class**

Class 14: Public Goods, and Review of Economic applications
Public goods and common resources.
**Reading:** KW Ch 18.
A Fisherman’s Tale (on Blackboard).
The economics of managing a fishery.
**Exercises:** Study Guide - Ch 18 problem 1, 5.
KW - Ch 18 problem 4.
**ASSIGNMENT 10 due in class**

Class 15: Final Examination
GRADING CRITERIA

Grades will be assigned according to the following criteria:

**A  Excellent:** Exceptional work for a graduate student. Work at this level is unusually thorough, well reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.

**A- Very Good:** Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.

**B+ Good:** Sound work for a graduate student; well-reasoned and thorough, methodologically sound. This is the graduate student grade that indicates the student has fully accomplished the basic objectives of the course.

**B Adequate:** Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate but student has not been thorough or has shown other weaknesses or limitations.

**B- Borderline:** Weak work for a graduate student; meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in “good standing.”

**C/-/+ Deficient:** Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.

**F Fail:** Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.