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 and graphing 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.

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. You will not do well on the examinations unless you master doing problems. The most effective way to use these exercises is to start with the Study Guide problems, which are the most straightforward. Do not consult the answers in the Study Guide until you try all Study Guide problems for a given chapter. The practice exercises assigned from Krugman-Wells are slightly more challenging. The answers to these exercises have been posted on Blackboard.

Assignments:
(10% of grade): 11 written assignments are due at the start of Tuesday class, 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 pass (check plus/check/check minus) or fail 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 (see blackboard site for locations)

Weekly recitation sessions cover the same material for any given week (begins Sept. 5th):
  Wednesday 8:35-9:35 pm   Anthony Giancatarino
  Thursday 12:30-1:30 pm    Jonathan Cantor
  Thursday 8:35 – 9:35 pm   Neene Owate Jenkins
  Monday 5:30- 6:30 pm      Rebecca Hamburger
  Monday 8:35-9:35 pm       Pisei Chea
  Tuesday 8:15-9:15 am      Erica Dixon

While you have registered for a specific section, you may attend an alternate section on a space-available basis. Students registered for a specific section are guaranteed a seat in that class.

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. Please see Blackboard for the schedule and location. This tutoring is not a substitute for the recitation sessions, but an additional resource for questions best addressed one-on-one.

Math Review (P11.1106):
For students who need to review math and graphing skills, there is a no-credit 5 session math review course for Wagner students which meets Wednesdays 4:55-6:25 pm starting September 12th, 2012. It is highly recommended that you attend these sessions if you are at all unsure of your math. The class is valuable for microeconomics, statistics and financial management. To determine if you need this course, you can take Wagner’s online assessment at:
http://wagner.nyu.edu/students/services/writing.php

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: Tuesday/Thursday sections

<table>
<thead>
<tr>
<th>Week</th>
<th>Topics</th>
<th>Discussion Questions</th>
<th>*Assignment Due in Tuesday Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4\textsuperscript{th}/6\textsuperscript{th} Sept</td>
<td>Introduction</td>
<td></td>
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<tr>
<td>2</td>
<td>11\textsuperscript{th}/13\textsuperscript{th} Sept</td>
<td>Demand, supply</td>
<td>1</td>
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<tr>
<td>3</td>
<td>18\textsuperscript{th}/20\textsuperscript{th} Sept</td>
<td>Elasticity, surplus</td>
<td>Yes</td>
</tr>
<tr>
<td>4</td>
<td>25\textsuperscript{th}/27\textsuperscript{th} Sept</td>
<td>Taxes, price controls</td>
<td>Yes</td>
</tr>
<tr>
<td>5</td>
<td>2\textsuperscript{nd}/4\textsuperscript{th} Oct</td>
<td>Production</td>
<td>Yes</td>
</tr>
<tr>
<td>6</td>
<td>9\textsuperscript{th}/11\textsuperscript{th} Oct</td>
<td>Trade, tariffs</td>
<td>Yes</td>
</tr>
<tr>
<td>7</td>
<td>16\textsuperscript{th}/18\textsuperscript{th} Oct**</td>
<td>Input markets</td>
<td>Yes</td>
</tr>
<tr>
<td>8</td>
<td>23\textsuperscript{rd} Oct*** 8:45 -10:45 am</td>
<td>Midterm Exam</td>
<td></td>
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<tr>
<td>9</td>
<td>30\textsuperscript{th} Oct/1\textsuperscript{st} Nov</td>
<td>Consumer Choice</td>
<td></td>
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<tr>
<td>10</td>
<td>6\textsuperscript{th}/8\textsuperscript{th} Nov</td>
<td>Monopoly</td>
<td>Yes</td>
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<tr>
<td>11</td>
<td>13\textsuperscript{th}/15\textsuperscript{th} Nov</td>
<td>Game theory</td>
<td>Yes</td>
</tr>
<tr>
<td>12</td>
<td>20\textsuperscript{th} Nov**** 8:00-10:45 am</td>
<td>Information</td>
<td>Yes</td>
</tr>
<tr>
<td>13</td>
<td>27\textsuperscript{th}/29\textsuperscript{th} Nov</td>
<td>Externalities</td>
<td>Yes-tradable permits</td>
</tr>
<tr>
<td>14</td>
<td>4\textsuperscript{th}/6\textsuperscript{th} Dec</td>
<td>Public goods</td>
<td>Yes</td>
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<tr>
<td>15</td>
<td>18\textsuperscript{th} Dec*** 8:45-10:45 am</td>
<td>Final Exam</td>
<td></td>
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*If you cannot attend class, the assignment must be turned in to Ann Lin (2\textsuperscript{nd} floor, Puck) no later than the start of the class period on the due date. Late assignments will not receive any credit. Please include mailbox number. \textit{Do not place your assignment in the professor’s mailbox.}

** We will hold class on the Tuesday after Columbus Day.

*** Note that the midterm and final exams start early and run past the regular class time. Both will be two hours so you should plan to come to class by 8:45am and be there until 10:45am. Unfortunately, exam schedules are not flexible. If you cannot attend the scheduled exams, you should not enroll in the class this semester.

**** Note that we will have an extra-long class on Tuesday, Nov 20\textsuperscript{th}, the week of Thanksgiving, to make up for the lost session on Thursday.
COURSE OUTLINE:

Readings, discussion questions and exercises should be completed BEFORE the class for which they are listed.

**Week 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.218)
Ch 9, p. 256-257 on sunk costs, *after class*

**Exercises:**  Study Guide - Ch 1 problems 1, 2; Ch 2 problems 2, 3, 13.
KW - Ch 2 problems 2, 4, 5, 6.

**Week 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**

**Week 3: Elasticity, consumer and producer surplus, and a preview of price interventions**
The shape of demand and supply curves; the importance of elasticity and its measurement. Measuring gains from trade using surplus; introduction of price ceilings and floors.

**Reading:**  KW Ch 6 (READ FIRST), 4, and 5 (pages 127-130 and 137-138 only)

**Exercises:**  Study Guide – Ch 6 problems 1, 2, 4. Ch 4 problems 1, 2, 4, 5, 8.  KW - Ch 6 problems 12, 13, 15, 16. Ch 4 problems 7, 10, 11.

**Discussion questions:** on Blackboard.

**ASSIGNMENT 2 due in class**
Week 4: Policy interventions that affect price and efficiency: taxes and price controls
What happens when policy interventions interfere with the market price? Tax incidence, deadweight loss and efficiency.

Reading: KW 7, and Ch 5 (up to page 141).
Exercises: Study Guide - Ch 7 problems 1, 2, 3, 4. Ch 5 problems 3, 4.
KW - Ch 7 problems 6, 7.
Discussion questions: on Blackboard

ASSIGNMENT 3 due in class

Week 5: Production: framing decisions, costs, profits, 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 and concepts; short-run versus long run; profit maximization and output decisions of competitive firms.

Reading: KW Ch 9 (up to page 258), 11 (up to page 333) and 12.
Exercises: Study Guide - Ch 9 problem 4; Ch 11 problems 5, 6; Ch 12 problems 1, 2, 5.
KW Ch 9 problem 9; Ch 11 problems 2-5; Ch 12 problems 1,8, 10.
Discussion questions: on Blackboard

ASSIGNMENT 4 due in class

Week 6: Production (continued); International trade and tariffs
International trade and tariffs.

Reading: KW Ch 8 (p. 218 onwards).
Exercises: Study Guide - Ch 8 problem 2.
KW - Ch 8 problems 1, 2, 4, 10.
Discussion questions: on Blackboard

ASSIGNMENT 5 due in class

Week 7: Input markets, labor markets, compensating differentials
Input markets, with special focus on labor markets; labor market demand and supply; human capital theory; compensating differentials. Review.

Reading: KW Ch 19.
Exercises: Study Guide - Ch 19 problems 2, 3, 4, 8, 9.
KW - Ch 19 problem 10.
Discussion questions: on Blackboard

ASSIGNMENT 6 due in class
Week 8: In-class midterm examination

Week 9: Consumer choice and decision-making
Rational decision-making for price taking consumers; budget constraints, utility and indifference curves; income and substitution effects. Introduction to behavioral economics.

Reading: Mankiw, Ch 21 The Theory of Consumer Choice (in reader).
        KW Ch 19 Appendix and 9 (p. 258 onwards).
        Save More Tomorrow (on blackboard)

            Mankiw Ch 21 – problems 4, 5.

Week 10: Imperfect competition: input and output markets
Imperfect competition in labor markets (constrained supply, discrimination). Overview of market structures; monopoly as one form of imperfect competition; price discrimination.

Reading: Hall and Lieberman, Ch 12 Inequality (up to page 384, in reader).
        KW Ch 14, and Ch 12 p 333-337 (short-run vs. long run costs)

Exercises: Study Guide - Ch 14 problems 1, 2, 3.
            KW - Ch 14 problem 10.

Discussion questions: on Blackboard

ASSIGNMENT 7 due in class

Week 11: Imperfect competition, output markets. Game theory and strategic behavior
Markets with multiple but limited firms; decision-making with interdependency, game theory and payoff matrices.

Reading: KW Ch 14.

Exercises: KW Ch 14 problems 4, 5, 6.

Discussion questions: on Blackboard

ASSIGNMENT 8 due in class
Week 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 the mortgage industry.

**Reading:** Pindyck and Rubinfeld, Ch 17 Asymmetric Information *(in reader).*
Quigley, Compensation and Incentives in the Mortgage Business (on Blackboard).

**Exercises:** KW - Ch 20 problems 12, 14.

**Discussion questions:** on Blackboard

**ASSIGNMENT 9 due in class**

Week 13: Externalities
Positive and negative externalities; remedies involving market incentives; the role of property rights.

**Reading:** Mankiw Ch 10.

**Exercises:** Mankiw Ch 10 problems 3, 4 and 11.

**Discussion questions:** Tradable permits exercise (on Blackboard) - prepare before class.

**ASSIGNMENT 10 due in class**

Week 14: Public Goods, and Review of Economic applications
Public goods and common resources. Review of key lessons from the course.

**Reading:** KW Ch 17.
A Fisherman’s Tale (on Blackboard).

**Exercises:** Study Guide - Ch 17 problem 1, 5.
KW - Ch 17 problem 4.

**Discussion questions:** on Blackboard

**ASSIGNMENT 11 due in class**

Week 15: Final Exam (cumulative)
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.