Syllabus: Economic Principles of Policy Analysis (91-803)
H. John Heinz III College
Carnegie Mellon University
Spring 2017

Instructor
Hilary Wolfendale
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HbH 3006
Office Hours: Wednesdays 4 to 5:45 pm in HbH 3006 or by appointment (evening and weekend appointment requests can be accommodated most weeks)

Teaching Assistant
Shruthi Venkatesh
shruthiv@cmu.edu
Office Hours: Mondays 4 to 6 pm in HbH 3041

Class Meetings
Wednesdays 6 to 8:50 pm in Hamburg Hall 1006

TA Sessions
Saturdays 10 to 11:20 am in Hamburg Hall 1005

Textbook

You can also use the 4th or 5th editions of the textbook; they are very similar.

Course Website
Go to http://www.cmu.edu/blackboard and navigate to the course site from there. All assignments will be posted and turned in via Blackboard. If you cannot access the course Blackboard site please contact our TA, Shruthi, as soon as possible.

Course Description
Microeconomics is the study of how individuals and firms makes choices, and how these choices interact in society. Economics shares with other behavioral sciences the general goal of explaining and predicting human behavior. The distinguishing feature of the economic approach is the emphasis on rational decision making under conditions of scarcity.

This course is an introduction to the basic concepts and tools of microeconomics. We study how markets work, with an emphasis on analysis of the effects of public policy on the welfare of society.

Upon successful completion of this course a student will be able to:
• Use economic concepts to describe and predict human and firm behavior under resource constraints.
• Use microeconomic models to solve supply and demand problems under perfect and imperfect competition.
• Identify market failures, predict how individuals and firms will respond, and suggest appropriate government intervention.
• Apply microeconomic concepts and analysis to managerial and public policy decisions in their respective fields.
• Critically evaluate economic arguments in public policy debates.

Prerequisites

There are no prerequisites for this course. However, in this class there is extensive use of graphs and basic algebra. It is assumed that you are comfortable with these tools.

Classroom Policies

Please do your best to attend class and arrive on time. If you arrive late or need to leave class early, please sit at the end of a row near the door to minimize class disruption. Cell phones must be silenced for the duration of class unless you are a parent or caregiver, or have discussed the need to be available by phone with the instructor. In any of those cases please set your phone to vibrate, if possible. I will allow computers in class. However, computers can be distracting to those around you. If you are using a computer in class, please sit in the back row so as not to distract your classmates. I also encourage you to consider taking notes by hand, as studies have shown that this leads to better comprehension and retention of course material (peer-review evidence available upon request).

Evaluation

The course grade will be based on the following:

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Homework Assignments</td>
<td>25%</td>
</tr>
<tr>
<td>Class Participation</td>
<td>5%</td>
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<tr>
<td>In-class Exam 1</td>
<td>20%</td>
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<tr>
<td>In-class Exam 2</td>
<td>20%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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<tr>
<td>Total</td>
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The Dean’s guideline for grades in this class (a standard, core course) is a class average of 3.33-3.40 (B+).

Exams

Each exam will cover new material from class and the readings up to that point (e.g., In-class Exam 2 will not directly test you on material covered on In-class Exam 1). While the exams are not cumulative, understanding each new topic depends on a solid understanding of previous topics. Any gaps in understanding should be addressed promptly before they compound.

You may bring a “cheat sheet” consisting of one 8.5” x 11” sheet of paper to the exams with anything you’d like written on it.
Students may be excused from the exam only if arrangements are made in advance or if there is an unforeseen emergency. If you miss one of the first two exams (for legitimate and documented reasons, such as a serious illness or travel for work), there will be no makeup – the other exams will count for all of your exam score for the class. The third exam is mandatory.

Homework

Homework assignments are due by midnight on the date specified. There will be nine homework assignments total. You will have one week to complete each assignment. Homework will be posted on the Blackboard course website, and must be turned in on Blackboard. Late assignments will receive no credit, but they may be reviewed by the TA at her discretion. The lowest homework score will not count towards your course grade (this includes late assignments). Your final homework grade will consist of eight equally-weighted assignments.

You may work with others on the homework, but you must turn in your own copy of the answers written in your own words. Copying another student’s homework or any online solution keys verbatim constitutes plagiarism in this course.

Class Participation

“Class participation” does not simply refer to comments made in class. Comments and questions in class are one way to demonstrate engagement with the course material, but not the only way. Active participation in any small group break-out sessions also counts towards class participation, as does following along with any example problems we do in class. You are also encouraged to post any interesting articles and/or news stories related to concepts covered in class on the Blackboard discussion board.

Attendance will also factor into your participation grade. If you need to miss class, please email the instructor in advance. Unexcused absences are the only type of absence that will bring your participation grade down.

Students will receive an update on their participation grades halfway through the semester.

Policy on Academic Misconduct

Plagiarism and cheating are serious offenses and will under absolutely no circumstances be tolerated in this class. If found cheating, students may be punished by failure on the assignment, or failure in the course. Discretion lies directly with the instructor. For more information refer to the students’ handbook and to the university policy on academic integrity.

Accommodations

If you wish to request an accommodation due to a documented disability, please inform me and contact Disability Resources as soon as possible. They can be reached at access@andrew.cmu.edu or (412) 268-2013.
Take Care of Yourself

Do your best to maintain a healthy lifestyle this semester by eating well, exercising, avoiding drugs and alcohol, getting enough sleep and taking some time to relax. This will help you achieve your goals and cope with stress.

All of us benefit from support during times of struggle. You are not alone. There are many helpful resources available on campus and an important part of the college experience is learning how to ask for help. Asking for support sooner rather than later is often helpful.

If you or anyone you know experiences any academic stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Counseling and Psychological Services (CaPS) is here to help: call 412-268-2922 and visit their website at http://www.cmu.edu/counseling/. Consider reaching out to a friend, faculty or family member you trust for help getting connected to the support that can help.
TENTATIVE COURSE SCHEDULE

Note: The chapter numbers listed below are from the 6th edition of the textbook.

1. Introduction: Economics, economic decision-making, supply and demand
   January 18th
   Readings: Frank et al. chapter 1 (including the appendix) and chapter 3

2. Supply and demand continued, elasticity and demand
   January 25th
   Readings: Frank et al. chapters 4, 5, and 6

3. Market equilibrium, efficiency, perfect competition
   February 1st
   Readings: Frank et al. chapter 7

   Homework 1 due Thursday, February 2nd by midnight

4. Catch-up and/or review day
   February 8th

   Homework 2 due Thursday, February 9th by midnight

5. IN-CLASS EXAM 1 ON FEBRUARY 15TH

6. Comparative advantage and international trade
   February 22nd
   Readings: Frank et al. chapter 2

7. Monopoly
   March 1st
   Readings: Frank et al. chapter 8

   Homework 3 due Thursday, March 1st by midnight

8. Game theory
   March 8th
   Readings: Frank et al. chapter 9

   Homework 4 due Thursday, March 9th by midnight

SPRING BREAK – NO CLASS ON MARCH 15TH
9. Externalities and property rights
   March 22\textsuperscript{nd}
   Readings: Frank et al. chapter 10

   **Homework 5 due Thursday, March 23\textsuperscript{rd} by midnight**

10. IN-CLASS EXAM 2 ON MARCH 29\textsuperscript{TH}

11. Economics of information (including the economics of insurance)
   April 5\textsuperscript{th}
   Readings: Frank et al. chapter 11

12. Labor markets, human capital, discrimination, and income inequality
   April 12\textsuperscript{th}
   Readings: Frank et al. chapter 12

   **Homework 6 due Thursday, April 13\textsuperscript{th} by midnight**

13. Public goods, environmental economics, health and safety
   April 19\textsuperscript{th}
   Readings: Frank et al. chapters 13 and 14

   **Homework 7 due Thursday, April 20\textsuperscript{th} by midnight**

14. Further topics in policy analysis as time allows
   April 26\textsuperscript{th}
   Readings: TBA

   **Homework 8 due Thursday, April 27\textsuperscript{th} by midnight**

15. Catch-up and/or review day
   May 3\textsuperscript{rd}

   **Homework 9 due Thursday, May 4\textsuperscript{th} by midnight**

**FINAL EXAM (Date TBD by registrar)**