PUBLIC POLICY 204
Microeconomics II

Instructor: Marlon Graf
Email: mgraf@ucla.edu
Office: Public Affairs 6220

Class Meetings: Mondays and Wednesdays 10:30-11:50AM
Location: Public Affairs 2355
My Office Hours: Mondays 1:00-3:00PM

Teaching Assistant: Nelson Esparza
TA Email: esparzanelson@ucla.edu
Section Meetings: Wednesdays 1:00-2.20PM and Thursdays 11:00-12:20PM
TA Office Hours: TBD

Course Description: This course is the second course in the Microeconomics sequence for first-year Masters of Public Policy students in the Department of Public Policy. Some of the topics this course will cover include market power and monopoly, imperfect competition, game theory, externalities and public goods. Letter Grading.

Course Textbook: You will use the same textbook and EconPortal system as last quarter in Microeconomics I, i.e. Goolsbee, Austan and Steven Levitt, Chad Syverson. Microeconomics. Worth Publishers, New York, NY, 2013. Additionally, you have already purchased online access to EconPortal and that will still work this quarter. The code to register for EconPortal is: http://www.macmillanhighered.com/launchpad/gls1e/1258663

Office Hours and TA Sections: Office hours will be held on Mondays 1:00-3:00PM in Public Affairs 6220. I normally work from the RAND campus in Santa Monica and will only be at UCLA Mondays and Wednesdays, so please email me to set up a meeting on those days if you cannot make it to the regular office hours. The teaching assistant will conduct two review sessions each week plus office hours. They will be held Wednesdays 1:00-2.20pm and Thursdays 11:00-12:20pm, and students should attend one of these sessions per week. The material will be the same for each session and you may attend either one.

Course Grading and Requirements: Letter grades will be given for the overall course, but scores for different assignments and exams will be provided in points. This course will be graded in the following manner:

10% for EconPortal Online Learning Curve. These short problem sets are to be completed online prior to class. These will be graded on a completed (100%) vs. non-completed basis (you get a 0). Your actual score does not matter. At the end of the quarter the lowest two quizzes will be dropped and not counted towards your grade in this section. You may use your own notes or the textbook for these quizzes. These quizzes are designed to prepare you for topics and issues that we discuss in class. They need to be completed prior to class; the quizzes will not be available after the online deadline. Additionally, you should be prepared to discuss these topics and concepts in class.
10% for Policy Assignment Class Presentation. Please select one of the topics from any of the chapters we will cover and discuss how it relates to a current “real world” policy issue. An example of this would be:
Concept from textbook: negative externality (spend 1 minute reminding us what concept is)
Policy Application: UCLA’s recent campus ban on smoking (3 minutes of policy application)
Given the large class size, I will sort you into groups of 3-4 for this assignment based on interests. Each group will get about 6 minutes per presentation—4 minutes to present and 2 minutes of in class discussion. Please come prepared to foster in class discussion with questions for the class, etc. If you will be using slides, I expect to receive them at least the night before lecture.

25% for Short Answer Problem Sets. There will be 7 Short Answer problem sets during the course, approximately one per week. These will help prepare you for the midterm and final exams. **You will be expected to turn them in by the assigned deadline which will be at the start of class on the due date.** Everyone should turn in their own assignments – there should be no jointly submitted assignments. It is fine to work on them with other classmates and to discuss the problems and topics, however, everyone will be required to turn in their own completed assignments. There will be 7 Problem Sets, but only the top 5 will count towards your grade.
The Short Answer Problem Sets are designed primarily to provide experience in using economic concepts and in applying economic reasoning to policy problems. It lets students assess how well they have mastered the concepts and provides signals about areas for improvement. It is appropriate to seek help from the TA on problem-solving techniques generally, but the TA will not solve the homework problems for you in advance of the due date. No late homework will be accepted, since solutions will be posted on the class website after the homework is due.

25% for the Midterm. The midterm will cover all of the topics and concepts from approximately the first half of the course. You will be expected to complete problems and questions similar to (but not exactly the same) as we will discuss and go over in class and you will have in the problem sets. In addition, there will be a policy application like your presentations.

30% for the Final Exam. The final exam will be cumulative. The exam will focus more on the advanced topics from the second half of the course, however, there will be an expectation that you understand and can demonstrate knowledge from the first half of the course on the final exam.

Re-grade policy: If you are unhappy with how something was graded please see Nelson first since he is doing the grading. Note there is some positive probability your score could either increase or decrease as other errors might be identified in this process. If you cannot resolve the issue directly with Nelson, please see me in office hours.
Course Outline:

**Week 1**
January 5 – Introduction. Overview of course
January 7 – Introduction to Market Failures and Policy Response

**Week 2**
January 12 – Monopoly, Ch. 9
January 14 – Pricing Strategies, Ch. 10

**Week 3**
January 19 – Imperfect Competition, Ch. 11, PS 1 due beginning of class
January 21 – Game Theory, Ch. 12

**Week 4**
January 26 – Theory of Externalities, Ch. 16, PS 2 due beginning of class
January 28 – Externalities in practice: "the NFL in Los Angeles", 1st round of presentations
LA City Memorandum on LA Stadium:

**Week 5**
February 2 – Theory of Public Goods, Ch. 16, PS 3 due beginning of class

**Week 6**
February 9 – Presentations/Review, PS 4 due beginning of class
February 11 – MIDTERM

**Week 7**
February 16 – Taxes and Transfers as Policy Response to Market Failure
February 18 - Regulations as Policy Response to Market Failure

**Week 8**
February 23 – Investment, Time and Insurance, Ch. 13, PS 5 due beginning of class
February 25 – Investment, Time and Insurance, Ch. 13, 3rd round of presentations

**Week 9**
March 2 - Asymmetric Information, Ch. 15, PS 6 due beginning of class
March 4 - Asymmetric Information, Ch. 15

**Week 10**
March 9 – Introduction to Behavioral Economics and Research, Ch. 17, PS 7 due beginning of class
March 11 – Course Review, last round of presentations

March 20, 8:00-11:00am – FINAL EXAM