

Economics 415: Market Failures

Fall 2020

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| Instructor: | Michelle Sheran-Andrews | sheran@unc.edu |
| TA: | Megan McCoy | memccoy@live.unc.edu |
| ULA: | Arya Kode | akkode@live.unc.edu |
| Class Meetings: | Mondays and Wednesdays 2:40-3:30pm in Stone Center 103; Fridays 2:40-3:30pm via Zoom https://unc.zoom.us/j/96287129312 | |
| Prerequisite: | ECON 410 with a grade of C or better (or a “Pass” if taken in Spring 2020) | |
| Website: | http://sakai.unc.edu | |

Class Description

This course is a continuation of ECON410. While ECON410 dealt with basic price theory and market “successes,” this course will mainly cover market failures. We will first explore the notion of efficiency and equity in both a partial and general equilibrium framework. We will then add behavioral economics, asymmetric information, externalities, public goods, and market power to models learned in both ECON101 and ECON410 to analyze the effects on economic efficiency.

Class Required Resources

1. **Textbook:** The recommended textbook is either *Microeconomics* by David Besanko and Ronald Braeutigam OR *Microeconomics* by Douglas Bernheim and Michael Whinston. You do NOT have to purchase the most recent version of either textbook.
2. **Webcam and microphone:** You are required to have a computer with a microphone and a webcam for remote class meetings and office hours.
3. **Zoom:** We will use Zoom (<https://software.sites.unc.edu/zoom/>) for remote classes and office hours.
4. **Gradescope:** You will submit most of your graded work to Gradescope (<https://www.gradescope.com/>). I will register you for Gradescope using your official UNC email address listed on Connect Carolina.
5. **Poll Everywhere:** We occasionally will use *Poll Everywhere* for online polling in class. For more information, visit <https://poll.unc.edu/>.

Class Expectations

1. Regular class attendance is expected and strongly encouraged! If you miss a class, it is your responsibility to get the notes from a classmate and attend office hours with any questions. Keep in mind that while my PowerPoint slides are posted on Sakai, much of the material covered in class is not on these slides.
2. I strongly encourage you to have your cameras on during remote classes! (Please 😊) There are positive externalities in doing so that benefit us all. I will strive to create an inclusive environment in which all students feel comfortable participating and asking questions.
3. As this is a 3-credit class, you should plan to dedicate between 9 and 12 hours per week on it including class meetings.
4. Seek help if you are doing all the required work and are still having difficulty with the material! The schedule and Zoom links for our office hours will be posted on Sakai.

Class Grades

| Component | % Course Grade |
|---------------------|----------------|
| Reading Assignments | 15 |
| Discussion Board | 15 |
| Group Project | 10 |
| Quizzes | 30 |
| Final Exam | 30 |

1. **Reading Assignments:** There will be 7 reading assignments. All but Reading Assignment #5 will be graded 75% on completion and 25% based on correctness of one randomly selected question. Reading Assignment #5 will count double and be graded based on a rubric that will be posted on Sakai. You will submit your answers to the reading questions through *Gradescope*; specific submission instructions will be provided with each assignment.
2. **Discussion Board:** This is a class based on collaborative discourse. As such, you are required to participate in and contribute to the discussion board for each of the 5 course Modules. Contributions are due by the last day of a Module. (See the course schedule below.) A grading rubric for this course component will be posted on Sakai.

3. **Group Project:** You will work in groups of 3 to create and deliver a presentation on a specific example of a market failure. Each group will be assigned to a specific Module and will choose and research an example of a market failure related to that Module. Each group will create and deliver a 10-minute (max) presentation that clearly defines and fully explains the chosen market failure, critically evaluates it, explains the inefficiency that it causes, and discusses possible policy responses. (See the course schedule below.) All students are required to ask a thoughtful question or post a thoughtful comment on 3 of their peers' presentations. A grading rubric for this course component will be posted on Sakai.
4. **Quizzes:** There will be 4 quizzes, one at the end of each Module (excluding Behavioral Economics). I will drop your lowest quiz score before calculating your quiz average.
5. **Final Exam:** The final exam is a cumulative exam. The time and day for the final exam will be scheduled by the Registrar's office.

Class Policies

1. **Regrade Requests:** All regrade requests must be made within 1 week after an assignment's grade is posted. Regrade requests for quizzes and reading assignments should be made via Gradescope; regrade requests for the discussion board and group projects should be made via email and sent to both the TA and instructor.
2. **Extra Credit:** I do not offer extra credit. This is because if everyone knows about it, it's not really extra credit. It's just another assignment. If some people don't know about it (for instance, if a specific student asks for extra credit at the end of the semester), then I'm treating my students differently, which I make every attempt to avoid.
3. **Accessibility Resources & Service (ARS):** The University of North Carolina at Chapel Hill facilitates the implementation of reasonable accommodations, including resources and services, for students with disabilities, chronic medical conditions, a temporary disability or pregnancy complications resulting in difficulties with accessing learning opportunities. All accommodations are coordinated through the Accessibility Resources and Service Office. In the first instance please visit their website <http://accessibility.unc.edu>, Tel: 919-962-8300 or Email: accessibility@unc.edu.
4. **Community Standards in Our Course and Mask Use:** This fall semester, while we are in the midst of a global pandemic, all enrolled students are required to wear a mask covering your mouth and nose at all times in our classroom. This requirement is to protect our educational community — your classmates and me — as we learn together. If you choose not to wear a mask, or wear it improperly, I will ask you to leave immediately, and I will submit a report to the Office of Student Conduct. At that point you will be disenrolled from this course for the protection of our educational community. Students who have an authorized accommodation from Accessibility Resources and Service have an exception. For additional information, see Carolina Together.

5. **Honor Code:** Students are bound by the Honor Code in taking exams and in written work. The Honor Code of the University is in effect at all times, and the submission of work signifies understanding and acceptance of those requirements. Plagiarism will not be tolerated. Please consult with me if you have any questions about the Honor Code.

6. **Syllabus Changes:** The professor reserves the right to make changes to the syllabus, including project due dates and test dates. These changes will be announced as early as possible.

Class Schedule

| Class Date | Module | Assignment Due Date | Group Presentations |
|-------------------------|--|------------------------------------|---------------------------|
| Monday, August 10 | Introduction | | |
| Wednesday, August 12 | General equilibrium, Efficiency and Equity | | |
| Friday, August 14 | General equilibrium, Efficiency and Equity | | |
| Monday, August 17 | General equilibrium, Efficiency and Equity | | |
| Wednesday, August 19 | General equilibrium, Efficiency and Equity | | |
| Friday, August 21 | General equilibrium, Efficiency and Equity | Reading Assignment 1 due by 2:00pm | |
| Monday, August 24 | General equilibrium, Efficiency and Equity | | |
| Wednesday, August 26 | General equilibrium, Efficiency and Equity | | |
| Friday, August 28 | General equilibrium, Efficiency and Equity | Discussion Board 1 due by 11:59pm | |
| Monday, August 31 | Behavioral Economics | | |
| Wednesday, September 2 | Behavioral Economics | Quiz 1 in class | |
| Friday, September 4 | Behavioral Economics | | |
| Monday, September 7 | LABOR DAY- no class | | |
| Wednesday, September 9 | Behavioral Economics | | |
| Friday, September 11 | Behavioral Economics | Reading Assignment 2 due by 2:00pm | |
| Monday, September 14 | Behavioral Economics | Discussion Board 3 due by 11:59pm | 4 groups present in class |
| Wednesday, September 16 | Asymmetric Information | | |
| Friday, September 18 | Asymmetric Information | | |
| Monday, September 21 | Asymmetric Information | | |
| Wednesday, September 23 | Asymmetric Information | | |

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| Friday, September 25 | Asymmetric Information | Reading Assignment 3 due by 2:00pm | |
| Monday, September 28 | Asymmetric Information | | |
| Wednesday, September 30 | Asymmetric Information | | |
| Friday, October 2 | Asymmetric Information | Reading Assignment 4 due by 2:00pm | |
| Monday, October 5 | Asymmetric Information | Discussion Board 3 due by 11:59pm | 4 groups present in class |
| Wednesday, October 7 | Externalities and Public Goods | | |
| Friday, October 9 | Externalities and Public Goods | Quiz 2 in class | |
| Monday, October 12 | Externalities and Public Goods | | |
| Wednesday, October 14 | Externalities and Public Goods | | |
| Friday, October 16 | Externalities and Public Goods | Reading Assignment 5 due by 2:00pm | |
| Monday, October 19 | Externalities and Public Goods | | |
| Wednesday, October 21 | Externalities and Public Goods | | |
| Friday, October 23 | Externalities and Public Goods | Discussion Board 4 due by 11:59pm | 4 groups present in class |
| Monday, October 26 | Monopoly and Price Discrimination | | |
| Wednesday, October 28 | Monopoly and Price Discrimination | Quiz 3 in class | |
| Friday, October 30 | Monopoly and Price Discrimination | Reading Assignment 6 due by 2:00pm | |
| Monday, November 2 | Monopoly and Price Discrimination | | |
| Wednesday, November 4 | Monopoly and Price Discrimination | | |
| Friday, November 6 | Monopoly and Price Discrimination | Reading Assignment 7 due by 2:00pm | |
| Monday, November 9 | Monopoly and Price Discrimination | | |
| Wednesday, November 11 | Monopoly and Price Discrimination | Discussion Board 5 due by 11:50pm | 4 groups present in class |
| Friday, November 13 | Monopoly and Price Discrimination | Quiz 4 in class | |