

Economics 415: *Market Failures*

Summer 2023

Instructor:	Michelle Sheran-Andrews (MSA)
Email:	sheran@unc.edu
Class Meetings:	Monday-Friday, 11:30am-1:00pm in Murray Hall G205
Office Hours:	TBD
Prerequisite:	ECON 410 with a grade of C or better
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 in both a partial and general equilibrium framework. We will then add market power, externalities, public goods, asymmetric information, and behavioral economics to models learned in both ECON101 and ECON410 to analyze the effects on economic efficiency.

Class Resources

1. **Textbook:** The recommended textbooks are *Microeconomics* by David Besanko and Ronald Braeutigam and *Microeconomics* by Douglas Bernheim and Michael Whinston. You do NOT have to purchase the most recent version of either textbook.
2. **Gradescope:** You will submit assignments to [Gradescope](#). I will register you for Gradescope using your official UNC email address as listed on Connect Carolina.
3. **Poll Everywhere:** We will occasionally use *Poll Everywhere* for online polling in class. You can log in at either polleverywhere.com or by using the Poll Everywhere mobile app. For more information, visit <https://poll.unc.edu/>.

Class Expectations

1. Regular class attendance is expected! If you miss a class, it is your responsibility to get the notes from a classmate and attend office hours with any questions.
2. My expectation is that you spend between 3 and 5 hours per day on this class outside of class.
3. Seek help immediately if you are doing all the required work and are still having difficulty with the material. I’m here to help you!

Class Grades

Component	% Course Grade
Participation and Engagement	10
Reading Assignments	15
Problem Sets	20
Quizzes	30
Final Exam	25

1. **Participation and Engagement:** You are expected to attend, participate in, and contribute to the class and will be assessed using the rubric below. You can miss up to 3 classes without penalty. (In the case of a severe and ongoing issue where you must miss two or more consecutive classes, please contact email me as soon as possible so that we can work out a plan for you.) You can engage in and contribute to the class in a variety of ways! For example, you can ask and/or answer questions in class. You can also attend office hours to ask questions or discuss the material. You can even send me an email with a short critical evaluation of a particular example of a market failure or an article/podcast/blog related to the class. Let me know if you have any other ideas!

Score	Description
A	Readily makes thoughtful contributions without dominating the discussion. Contributions advance the conversation and add value.
B	Makes thoughtful comments when prompted but only contributes occasionally without prompting. Or, contributes frequently but contributions are sometimes tangentially related and do not advance the conversation.
C	Does not voluntarily contribute to the class and contribution is only minimal when prompted.
D	Participates in discussion but in a problematic way. Talks too much, makes rambling or tangential contributions, and/or continually interrupts the instructor with digressive questions.
F	Does not contribute at all.

2. **Reading Assignments:** There will be approximately 8 reading assignments, each due via Gradescope by 11:00am on the assigned due date. Late submissions will not be accepted. I will drop your lowest reading assignment score at the end of the course before calculating your average score. Specific instructions will be provided on the cover page of each assignment. You are encouraged to work with other students on reading assignments, but sharing answers via group chat, using previous homework, and looking up answers online are all violations of the Honor Code.

3. **Problem Sets:** There will be approximately 9 problem sets, each due via Gradescope by 11:59 pm on the assigned due date. Late submissions will not be accepted. I will drop your two lowest problem set scores at the end of the course before calculating your average score. Specific submission instructions will be provided on the cover page of each assignment. You are encouraged to work with other students on problem sets, but sharing answers via group chat, using previous homework, and looking up answers online are all violations of the Honor Code.
4. **Quizzes:** There will be 4 in-class quizzes. I will drop your lowest quiz score before calculating your quiz average.
5. **Final Exam:** The cumulative final exam is on Thursday, June 22nd from 11:30am-2:30pm. The final will be administered in our regular classroom and will be closed-book, closed-notes. Per UNC rules, you can only take the final exam at an alternative time if you present me an official exam excuse (<https://advising.unc.edu/announcement/final-exam-excuse-request/>).

Course letter grades will be assigned based on the following schedule.

A	93 and above
A-	90 – 92
B+	87 – 89
B	83 – 86
B-	80 – 82
C+	77 – 79
C	73 – 76
C-	70 – 72
D+	67 – 70
D	60 – 66
F	< 60

Class Policies

1. **Late and/or Makeup Policy:** All due dates are firm, and no extensions or makeups will be given. I completely understand and empathize with the fact that sometimes health and/or personal/family emergencies take priority. Furthermore, sometimes your internet crashes, your computer gets a virus, you get the assignment done early but then forget to submit it... It is for all these reasons and more that I have built in at least one drop for each component of the class (except the final exam). These drops are meant to cover these “life events,” and so I do not additionally accept late assignments or provide makeups. Making exceptions to this policy for students on a case-by-case basis leads to inequities in how students are assessed, and this is something I work hard to avoid. I know of no better way to treat students fairly and equally than by applying the same standards and policies to all. With that being said, I do make exceptions **in the case of a severe and ongoing issue**. Please contact me as soon as possible so that we can work out a plan for you together.

2. **Regrade Requests:** All regrade requests must be made via Gradescope within three days after an assignment's grade is posted.
3. **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.
4. **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 barriers to fully accessing University courses, programs and activities. Accommodations are determined through the Office of Accessibility Resources and Service (ARS) for individuals with documented qualifying disabilities in accordance with applicable state and federal laws. See the ARS Website for contact information: <https://ars.unc.edu> or email ars@unc.edu.
5. **Counseling and Psychological Services (CAPS):** CAPS is strongly committed to addressing the mental health needs of a diverse student body through timely access to consultation and connection to clinically appropriate services, whether for short or long-term needs. Go to their website: <https://caps.unc.edu/> or visit their facilities on the third floor of the Campus Health Services building for a walk-in evaluation to learn more.
6. **Title IX Resources:** Any student who is impacted by discrimination, harassment, interpersonal (relationship) violence, sexual violence, sexual exploitation, or stalking is encouraged to seek resources on campus or in the community. Please contact the Director of Title IX Compliance (Adrienne Allison – Adrienne.allison@unc.edu), Report and Response Coordinators in the Equal Opportunity and Compliance Office (reportandresponse@unc.edu), Counseling and Psychological Services (confidential), or the Gender Violence Services Coordinators (gvsc@unc.edu; confidential) to discuss your specific needs. Additional resources are available at safe.unc.edu.
7. **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.
8. **Syllabus Changes:** I reserve the right to make changes to this syllabus, including the class schedule below. These changes will be announced as early as possible.

Class Schedule

Date	Topic	Assignment Due Date
Wednesday, May 17	General equilibrium, Efficiency and Equity	
Thursday, May 18	General equilibrium, Efficiency and Equity	Reading Assignment Due by 11am
Friday, May 19	General equilibrium, Efficiency and Equity	Problem Set Due by Midnight
Monday, May 22	General equilibrium, Efficiency and Equity	Problem Set Due by Midnight
Tuesday, May 23	General equilibrium, Efficiency and Equity	
Wednesday, May 24	General equilibrium, Efficiency and Equity	Problem Set Due by Midnight
Thursday, May 25	Monopoly and Price Discrimination	Reading Assignment Due by 11am
Friday, May 26	Monopoly and Price Discrimination	Quiz
Monday, May 29	Memorial Day- no class	
Tuesday, May 30	Monopoly and Price Discrimination	Reading Assignment Due by 11am Problem Set Due by Midnight
Wednesday, May 31	Monopoly and Price Discrimination	Problem Set Due by Midnight
Thursday, June 1	Externalities and Public Goods	Reading Assignment Due by 11am
Friday, June 2	Externalities and Public Goods	Quiz
Monday, June 5	REMOTE: Externalities and Public Goods	Problem Set Due by Midnight
Tuesday, June 6	REMOTE: Externalities and Public Goods	Reading Assignment Due by 11am
Wednesday, June 7	Externalities and Public Goods	Problem Set Due by Midnight
Thursday, June 8	Asymmetric Information	
Friday, June 9	Asymmetric Information	Quiz
Monday, June 12	Asymmetric Information	Reading Assignment Due by 11am Problem Set Due by Midnight
Tuesday, June 13	Asymmetric Information	Reading Assignment Due by 11am
Wednesday, June 14	Asymmetric Information	Problem Set Due by Midnight
Thursday, June 15	Behavioral Economics	
Friday, June 16	Behavioral Economics	Quiz
Monday, June 19	June 19- No class	
Tuesday, June 20	Behavioral Economics	Reading Assignment Due by 11am
Thursday, June 22	Final Exam 11:30-2:30	