University of Wisconsin-Whitewater

Curriculum Proposal Form #3

## New Course

**Effective Term:**

**Subject Area - Course Number:** **ECON 741 Cross-listing:**

(See Note #1 below)

**Course Title:** (Limited to 65 characters) Advanced Topics in Microeconomics

**25-Character Abbreviation:** Advanced Topics in Micro

**Sponsor(s):** Matthew WINDEN, Ran TAO, Shreyasee DAS

**Department(s):** Economics

**College(s):**

# **Consultation took place**: NA Yes (list departments and attach consultation sheet)

Departments:

**Programs Affected:** **None**

**Is paperwork complete for those programs?** (Use "Form 2" for Catalog & Academic Report updates)

NA  Yes  will be at future meeting

**Prerequisites:** ECON 738 and ECON 731

**Grade Basis:**  Conventional Letter  S/NC or Pass/Fail

**Course will be offered:**  Part of Load  Above Load

On Campus  Off Campus - Location

**College:**  **Dept/Area(s):** ECON

**Instructor:** Matthew WINDEN, Ran TAO, Shreyasee DAS

*Note: If the course is dual-listed, instructor must be a member of Grad Faculty.*

**Check if the Course is to Meet Any of the Following:**

Technological Literacy Requirement  Writing Requirement

Diversity  General Education Option:

Note: For the Gen Ed option, the proposal should address how this course relates to specific core courses, meets the goals of General Education in providing breadth, and incorporates scholarship in the appropriate field relating to women and gender.

**Credit/Contact Hours:** (per semester)

Total lab hours: 0 Total lecture hours: 48

Number of credits: 3 Total contact hours: 48

**Can course be taken more than once for credit? (Repeatability)**

No  Yes If "Yes", answer the following questions:

No of times in major:       No of credits in major:

No of times in degree:       No of credits in degree:

Proposal Information: ([***Procedures for form #3***](http://acadaff.uww.edu/UCC/Curriculum_Handbook_09/Procedures_form3.docx))

**Course justification:**

This proposed course will be one of several optional elective courses that students entering the MS Economics program will be able to use to fulfill degree course requirements. It is the second course in the graduate microeconomics sequence. It extends the theories and techniques introduced in Econ 731 to specific, advanced fields of analysis in microeconomics. Specific fields to be explored may be selected from (but are not limited to) the following: industrial organization, game theory, managerial and business economics, international economics, public economics, environmental and natural resource economics, development economics, labor economics, health economics and urban and regional economics. These areas of analysis are where students learn the important applications of the theories and techniques introduced in Econ 731 to specific problems found in the business and non-profit sectors, as well as in the government. Therefore, this course is an essential part of the MS Economics degree curriculum.

**Relationship to program assessment objectives:**

This course is offered as one of the electives available in the MS Economics degree. All students entering the MS Economics program will be required to fulfill a certain number of elective requirements that build upon the foundational theories and techniques of the core courses. This elective course provides the opportunity for students to build upon those foundations through an in-depth exploration of microeconomics fields with an emphasis on examining the application of the previously presented theories and techniques to those specific fields. In doing so, it will familiarize all students in the use and application of techniques and theories of modern microeconomics analysis to specific problems and areas of research.

Key objectives of the MS Economics degree include developing analytical and critical thinking skills, as well as develop substantial economic literacy in the discipline. This course helps students achieve these learning goals. Students will be able to

* Read historically important peer-reviewed journal articles, identifying the problem being studied, examining its relevant dimensions, interpreting the assumptions made and their implications, as well as thoroughly understanding the issues being addressed.
* Read extensively in and current peer-reviewed journals, allowing them to understand the development of each microeconomic field as well as where each field currently stands regarding the cutting edge of research
* formulate and structure the problems being examined using formal economic models
* develop a detailed understanding of advanced economic concepts and topics
* develop a framework for making choices and recommendations amongst various alternatives

**Budgetary impact:**

* **Staffing**:- the course will be staffed by an Economics Department faculty that is Academically Qualified (AQ) and has Grad Faculty status.
* **Academic unit library and service & supply budget:** - no budgetary impact.
* **Campus instructional resource units**:-no budgetary impact.
* **Laboratory/studio facilities:**- No budgetary impact
* **Classroom space:**- A classroom is anticipated to be required in Hyland Hall to teach the class. The class will meet for a 1 hour 15 minute session, twice per week.
* **Evaluation of adequacy of current library holdings, recommendations for acquisitions, and impact of the course on the academic unit library allocation budget:** - No impact. The course will be taught using graduate textbooks which students will be required to obtain as well as peer-reviewed articles already available online through the library’s current offerings.
* **Explanation if the course is simply replacing another course, either entirely or in the cycle:**- This is a new course for the MS Economics degree, and does not replace any other courses.

**Course description:** (50 word limit)

This is the second course in the graduate microeconomics sequence. It extends the theories and techniques introduced in Econ 731. Specifically, the many different fields of study in microeconomics are introduced and explored such as: industrial organization, game theory and managerial, international, public, environmental, development, labor, health and urban economics.

**If dual listed, list graduate level requirements for the following:**

1. **Content** (e.g., What are additional presentation/project requirements?)

2. **Intensity** (e.g., How are the processes and standards of evaluation different for graduates and undergraduates? )

3. **Self-Directed** (e.g., How are research expectations differ for graduates and undergraduates?)

**Course Objectives and tentative course syllabus** with [mandatory information](http://www.uww.edu/acadaff/UCC/Mandatory_Info_Course_Syllabi.docx)(paste syllabus below):

**Econ 741: Advanced Topics in Microeconomics**

University of Wisconsin-Whitewater

College of Business and Economics

Department of Economics

**Spring 2015**

**Time: TBD**

**Location: TBD**

**Instructor:** Matthew Winden

**Email:** windenm@uww.edu

**Phone:** 262-472-5579

**Office:** Hyland Hall 4405

**Office Hours:** TBA and by appointment

**Required Text:** See Reference List Below

**Technology:**  1.) You will need to have access to a copy of Microsoft Excel.

2.) All course announcements, administrative information (i.e. exam dates, syllabus, and schedule), assigned article readings, notes, group postings, chats and discussions will be facilitated through the use of D2L.

**Prerequisite:** Econ 706 Mathematics for Economists

Econ 731 Microeconomics I

**Class Description:** Advanced Topics in Microeconomics is the second course in the graduate microeconomics sequence. It extends the theories and techniques introduced in Econ 707 and presents advanced topics in microeconomic analysis. Specifically this course introduces students to the many different fields of study in microeconomics and shows how microeconomic theories are applied and used in these fields. Topics covered in this course will be selected from (but not limited to) the following: industrial organization, game theory, managerial and business economics, international economics, public economics, environmental and natural resource economics, development economics, labor economics, health economics and urban and regional economics. Detailed descriptions of these topics are listed below.

**Class Outline:** *Industrial Organization and Regulation*

This section will discuss imperfect competition and its pervasiveness, as well as how to describe imperfectly competitive industries, consider alternative strategies in such industries, evaluate the implications for profitability and welfare, and assess the impacts of public policies on firm strategy and industry performance. The insights will be useful to prospective consultants, investors, managers, and policy makers. Topics include imperfect competition, pricing, advertising, entry and exit, industry evolution, cartel formation, vertical integration, mergers, antitrust, and regulation.

*Game Theory and Economic Behavior*

This section will focus on tools, techniques, and applications of non-cooperative game theory. Main topics include static games, dynamic games with complete information, repeated games, games of incomplete information, and advanced games such as signaling games, and principal agent problems.

*Managerial and Business Economics*

This section focuses on applications of microeconomic theory to problems of formulating managerial and business decisions. The emphasis is on economics as a science that facilitates decision making. Topics considered include optimization techniques, risk analysis and estimation of demand and costs of production, market structures and pricing practices, as well as antitrust economics.

*International Economics*

This section exposes students to international trade and finance issues; this includes multinational enterprises, international investments, currency problems, and balance of payments issues. It further analyzes the structure and scope of world trade and international financial markets in developed and developing countries.

*Public Economics*

This section will analyze the economics of public sector issues in relation to the overall economy, including market failure and the role of the public sector; the effects of government expenditures, taxation and borrowing on the allocation and distribution of resources and stability of the U.S. economic system.

*Environmental and Natural Resource Economics*

This section examines markets and the efficient allocation of resources over time. Topics include market failure, property rights, externalities, public goods and the valuation of environmental benefits and costs, as well as the economics of renewable and non-renewable resource including land, water, fisheries, forests, energy, minerals, pollution abatement and environmental protection. Global issues such as population, climate change, tropical deforestation, the oceans and atmosphere as global "commons" are also studied.

*Development Economics*

This section examines how countries and societies raise the standard of living of their population. Topics covered include role of credit markets, agriculture, health and education, property rights and institutions in growth and development.

*Labor Economics*

A study of the demand for and supply of labor with particular emphasis upon: the behavior of labor markets, economic theories of wage determination, labor institutions and their historical evolution, labor-management relations and the effects of public policy.

*Health Economics*

The economics of health care is concerned with the provision and distribution of health care across the country and the allocation of resources within the health care sector of the economy. Various measures will be examined to establish the impact of health care on individual, national, and international economic policy concerns.

*Urban and Regional Economics*

This section looks at the economics of location. Topics to be studied include zoning, land use planning, urban sprawl, the urban/rural periphery, real estate economics and the urban crisis in the US. The role of the automobile and the highway system will be examined as well as public policy in relation to the urban environment.

**Course Objectives:** Overarching objectives of the course will include the development of critical thinking skills, informed decision making, and developing a broad base of economic literacy in Microeconomic Theory and its applications in various fields.

**Work Policies:** To do well in this class, several tools are at your disposal to help you master the material. 1.) The journal articles are an excellent resource. They should be read thoroughly, not just used as a reference. You should read the papers at least once prior to class, and reread them prior to each exam. 2.) The PowerPoint slideshows used in class will be posted on D2L. These should not be considered a substitute for being in class or for reading the articles. Rather, they complement what you learn in class. 3.) You can come to my office and I can also help to clarify material for you under the condition that you have first read the assigned material. 4.) If coming to my office during

scheduled hours is inconvenient, you may e-mail me your question or concern, as well as schedule an appointment at an alternative time.

Your responsibility as a student is to attend class regularly. Some of the material included on your exams is presented in lecture, but not contained in the readings. It is also possible I will ask questions on the exams covered in the articles, but not in lecture. You will find that other people's notes are a poor substitute for your own. Even viewing the slide shows is an imperfect substitute for actually being in class. Attendance is not required, but highly recommended. If you do have to miss class, get the notes from a classmate, read the materials and look at the slideshow for that class. If you still have questions, please come and see me and I will clarify any questions you might have.

**Grading Policy:** The grading for this course consists of three components: A midterm (30%), a final (40%), and problem sets (30%).

**Components:** EXAMS (70%)

**I do not give make-up exams.** Absence from an exam will only be excused for the following reasons:

*a. Participation in an authorized University activity.*

*b. Confinement due to illness, under a doctor’s care.*

*c. Death in the immediate family.*

*d. Participation in legal proceedings requiring your presence.*

Each and every one of the above situations requires an official letter (e.g., from a university official, doctor, lawyer, or funeral director along with supporting evidence of immediate family relationship). *A letter, e-mail or voice mail from a family member or friend is not an acceptable substitute.* I also require a phone number for verification.

If you must miss an exam, arrangements must be made with me **prior** to the exam for reasons “*a”* and *“d”*. I need to receive notice that you missed the midterm exam **no later than three days** after the exam date for reasons *“b”* and “c”. If a valid reason is present, I will weigh the other exams to make up for the missed exam; if no arrangements are made, you will receive a zero for the exam. This policy will be strictly enforced - no exceptions. Anyone who does not have one of the above valid reasons for missing an exam will receive a zero on the exam.

PROBLEM SETS (30%)

Problem sets will be assigned throughout the semester to help improve understanding of the course material as well as develop critical thinking and quantitative literacy skills.

Exam 1 300 points

Exam 2 400 points

Problem Sets 300 points

*Total Points Possible 1000 points*

**Distribution:** A 93-100%

AB 87-92.9%

B 83-86.9%

BC 77-82.9%

C 70-76.9%

D 60-69.9%

F Below 60%

**UWW Statement:** The UW-Whitewater is dedicated to a safe, supportive and nondiscriminatory learning environment. It is the responsibility of all undergraduate and graduate students to familiarize themselves with University policies regarding Special Accommodations, Academic Misconduct, Religious Beliefs Accommodations, Discrimination and Absence for University Sponsored Events. For details please refer to the Undergraduate and Graduate timetables; the “Rights and Responsibilities” section of the Undergraduate Bulletin; the Academic Requirements and Policies and the Facilities and Services sections of the Graduate Bulletin; and the “Student Academic Disciplinary Procedures” (UWS Chapter 14); and the “Student Nonacademic Disciplinary Procedures” (UWS Chapter 17).

**Honor Code:** As members of the University of Wisconsin – Whitewater College of Business & Economics community, we commit ourselves to act honestly, responsibly, and above all, with honor and integrity in all areas of campus life. We are accountable for all that we say and write. We are responsible for the academic integrity of our work. We pledge that we will not misrepresent our work nor give or receive unauthorized aid. We commit ourselves to behave in a manner that demonstrates concern for the personal dignity, rights and freedoms of all members of the community. We are respectful of college property and the property of others. We will not tolerate a lack of respect for these values.

\*Originated by Wheaton College: Honor Code and Statement on Plagiarism.

<http://www.wheatoncollege.edu/StudentLife/honorCode/>

**Misconduct:** You are adults enrolled at a university. While I expect all adults to conduct themselves in an honest and moral fashion, I especially expect this of you, as a UWW student. In short, academic dishonesty will not be tolerated.

*So what is academic dishonesty?* While it is not possible to list every circumstance of this, academic dishonesty is thought of as *an attempt to deceive, to distort perceptions of reality, to gain a record of academic accomplishment greater than earned.* Furthermore, a*ll who are parties to the deceit are involved in academic dishonesty* and hence all parties are subject to disciplinary action.

Please know I will push for the harshest penalty possible should there be evidence of academic dishonesty in my class. If I did not do so, I would send you the wrong message that there are no consequences to your actions and I would also diminish the honest achievements of your classmates. Should you ever get caught cheating on an exam, you will receive an “F” for the respective test. Should you cheat repeatedly, you will receive an “F” for your final course grade.

**Tentative Schedule**

**Class Day/Date Activity \_\_\_\_\_\_\_ \_DUE\_\_**

1 -- Introduction, Syllabus,

2 -- Microeconomic Theory I Review

3 -- Microeconomic Thoery I Review

4 -- Industrial Organization and Regulation I

5 -- Industrial Organization and Regulation II

6 -- Industrial Organization and Regulation III

7 -- Game Theory I

8 -- Game Theory II

9 -- Game Theory III

10 -- Managerial and Business Economics I

11 -- Managerial and Business Economics II

12 -- International Trade and Finance I

13 -- International Trade and Finance II

14 -- **EXAM 1**

15 -- Public Economics I

16 -- Public Economics II

17 -- Environment and Resource Economics I

18 -- Environment and Resource Economics II

19 -- Environment and Resource Economics III

20 -- Development Economics I

21 -- Development Economics II

22 -- Development Economics III

23 -- Labor Economics I

24 -- Labor Economics II

25 -- Labor Economics III

26 -- Health Economics I

27 -- Health Economics II

28 -- Urban and Regional Economics I

29 -- Urban and Regional Economics II

30 -- Urban and Regional Economics III

**The Final Exam (EXAM 2) for this course is scheduled for the end of the semester.**

**Reading Schedule**

**Week 1** (Classes 1 and 2)

Introduction and Review

**Week 2** (Classes 3 and 4)

Schmalensee, R. 1988. "Industrial Economics: An Overview." *The Economic Journal* 98: 643-81.

Ghemawat, P. 2002. "Competition and Business Strategy in Historical Perspective." *The*

*Business History Review* 76:37-74

McGahan, A.M. 1999. “The Performance of US Corporations: 1981-1994.” *Journal of*

*Industrial Economics* 47: 373-98

**Week 3** (Classes 5 and 6)

Dunne, T., M.J. Roberts, and L. Samuelson, 1988. “Patterns of Firm Entry and Exit in U.S.Manufacturing Industries.” *Rand Journal of Economics* 19: 495-515

Hall, R. 1988. "The Relation between Price and Marginal Cost in U.S. Industry." *Journal of Political Economy* 96: 921-47.

**Week 4** (Classes 7 and 8)

Subhadip Roy, 2005. "Game Theory: An Overview," *The IUP Journal of Managerial Economics*, IUP Publications, vol. 0(4), pages 46-53, November.

Fudenberg, Drew. (1986). “Noncooperative Game Theory for Industrial Organization: An Introduction and Overview.” UC Berkeley: Department of Economics, UCB. Retrieved from: <http://escholarship.org/uc/item/9j39n20f>

**Week 5** (Classes 9 and 10)

Baye, Michael R., and Richard O. Beil. *Managerial economics and business strategy*. Irwin/McGraw-Hill, 2000.

**Week 6** (Classes 11 and 12)

Winters, L. A. (2004), “Trade Liberalisation and Economic Performance: An Overview.” *The Economic Journal*, 114: F4–F21.

Leamer, Edward E., and James Levinsohn. "International trade theory: the evidence." *Handbook of international economics* 3 (1995): 1339-1394.

**Week 7** (Classes 13 and 14)

**Week 8** (Classes 15 and 16)

Laffont, Jean-Jacques. "Public economics yesterday, today and tomorrow." *Journal of Public Economics* 86, no. 3 (2002): 327-334.

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|  | Layard, Richard. "Happiness and public policy: a challenge to the profession." *The Economic Journal* 116, no. 510 (2006): C24-C33.  Dreze, Jacques H, 1995. "Forty Years of Public Economics: A Personal Perspective," *Journal of Economic Perspectives*, vol. 9(2), pages 111-30, Spring. |

**Week 9** (Classes 17 and 18)

Cropper, M. and W. Oates 1992, “Environmental Economics: A Survey,” *Journal of Economic Literature* 30, 675-740

**Week 10** (Classes 19 and 20)

Ostrom, E., 2000, “Collective Action and the Evolution of Social Norms,” *Journal of Economic Perspectives,* 14(3): 137-158

Banerjee, Abhijit and Esther Duo. “The economic lives of the poor," *Journal of*

*Economic Perspectives*, 21(1): 141-167, 2007.

**Week 11** (Classes 21 and 22)

Banerjee, Abhijit and Esther Duo. “What is middle class about the middle classes around the world?," *Journal of Economic Perspectives*, 22(2): 3-28, 2008.

**Week 12** (Classes 23 and 24)

Autor, David H. “Wiring the Labor Market.” The Journal of Economic Perspectives, Vol. 15, No. 1 (Winter, 2001), pp. 25-40

**Week 13** (Classes 25 and 26)

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|  | Zweifel, Peter, Friedrich Breyer, and Mathias Kifmann. *Health economics*. Springer, 2009. |

**Week 14** (Classes 27 and 28)

Nijkamp, Peter. "The theoretical and methodological toolbox of urban economics: from and towards where?." *Contributions to Economic Analysis* 266 (2008): 1-27

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|  | Henderson, Vern, and Jacques-François Thisse, eds. *Handbook of Regional and Urban Economics: Cities and Geography*. Vol. 4. North Holland, 2004. |

**Week 15** (Class 29 and 30)

**Learning Goals for Class That Meet M.S. Degree Criteria**

### Proficiency I: Analytical and Critical Thinking

Addressed through reading historically important and current peer-reviewed journal articles, identifying the problem being studied, examining its relevant dimensions, interpreting the assumptions made and their implications, as well as thoroughly understanding the issues addressed.

### Proficiency III: Economic Literacy

Economic literacy pertains to content and knowledge that is specific to the economics discipline and will be addressed in the following areas in this course through extensive reading in peer-reviewed journals and other selected readings by the instructor.

1. **Core Knowledge**: Students will gain a thorough understanding of the core economic concepts in microeconomics through an initial review at the beginning of the course, as well as emphasis of this content throughout the course while studying its application in specific sub-fields.
2. **Advanced Knowledge**: Students will gain a good understanding of some of the more advanced economic concepts, but a greater understanding of the topics and areas within the field of their choice. This is accomplished through exposure to the largest and most important sub-fields within microeconomics.
3. **Comprehension:** Students will read journal articles from the discipline and have an understanding of the key concepts and ideas being presented as well as summarize the thesis of articles in a succinct manner throughout the coursework of the class.

**General/Practical Knowledge**: Whilst the core and advanced knowledge above pertain to content knowledge, students should also be well rounded in general economic knowledge which will occur through discussions of the articles and course content throughout the class.

**Bibliography:** (Key or essential references only. Normally the bibliography should be no more than one or two pages in length.)

Autor, David H. “Wiring the Labor Market.” The Journal of Economic Perspectives, Vol. 15, No. 1 (Winter, 2001), pp. 25-40

Banerjee, Abhijit and Esther Duo. “What is middle class about the middle classes around the world?," *Journal of Economic Perspectives*, 22(2): 3-28, 2008.

Banerjee, Abhijit and Esther Duo. “The economic lives of the poor," *Journal of*

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Baye, Michael R., and Richard O. Beil. *Managerial economics and business strategy*. Irwin/McGraw-Hill, 2000.

Cropper, M. and W. Oates 1992, “Environmental Economics: A Survey,” *Journal of Economic Literature* 30, 675-740

Dreze, Jacques H, 1995. "Forty Years of Public Economics: A Personal Perspective," *Journal of Economic Perspectives*, vol. 9(2), pages 111-30, Spring.

Dunne, T., M.J. Roberts, and L. Samuelson, 1988. “Patterns of Firm Entry and Exit in U.S.Manufacturing Industries.” *Rand Journal of Economics* 19: 495-515

Fudenberg, Drew. (1986). “Noncooperative Game Theory for Industrial Organization: An Introduction and Overview.” UC Berkeley: Department of Economics, UCB. Retrieved from: <http://escholarship.org/uc/item/9j39n20f>

Ghemawat, P. 2002. "Competition and Business Strategy in Historical Perspective." *The*

*Business History Review* 76:37-74

Hall, R. 1988. "The Relation between Price and Marginal Cost in U.S. Industry." *Journal of Political Economy* 96: 921-47.

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|  | Henderson, Vern, and Jacques-François Thisse, eds. *Handbook of Regional and Urban Economics: Cities and Geography*. Vol. 4. North Holland, 2004.  Laffont, Jean-Jacques. "Public economics yesterday, today and tomorrow." *Journal of Public Economics* 86, no. 3 (2002): 327-334.  Layard, Richard. "Happiness and public policy: a challenge to the profession." *The Economic Journal* 116, no. 510 (2006): C24-C33.  Leamer, Edward E., and James Levinsohn. "International trade theory: the evidence." *Handbook of international economics* 3 (1995): 1339-1394.  McGahan, A.M. 1999. “The Performance of US Corporations: 1981-1994.” *Journal of*  *Industrial Economics* 47: 373-98 |

Nijkamp, Peter. "The theoretical and methodological toolbox of urban economics: from and towards where?." *Contributions to Economic Analysis* 266 (2008): 1-27

Ostrom, E., 2000, “Collective Action and the Evolution of Social Norms,” *Journal of Economic Perspectives,* 14(3): 137-158

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Winters, L. A. (2004), “Trade Liberalisation and Economic Performance: An Overview.” *The Economic Journal*, 114: F4–F21.

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| Zweifel, Peter, Friedrich Breyer, and Mathias Kifmann. *Health economics*. Springer, 2009. |