PAM 5470: Microeconomics for Management & Policy, Spring 2016

Class times: Tuesday/Thursday 10:10am-11:25am
Location: MVR 157
Instructor: Samuel Kleiner, Assistant Professor
Office: 108 Martha Van Rensselaer Hall
Email: sak272@cornell.edu
Office Hours: Thursday, 2:40pm-3:30pm or by appointment. The best way to contact me to set up an appointment is via e-mail.

Class website: http://blackboard.cornell.edu (Select PAM 5470, after logging in). Please register there right away. Please check the class website regularly for important announcements. Students must register on the course website in order to make use of the materials posted there. Additionally, grades for assignments and exams will be kept on Blackboard.

Course Description
This course introduces microeconomic theory and its application to decision making in the management and policy arenas with special emphasis on the economic environment of health care organizations and the problems faced by managers in this environment.

The goal of this course is to provide students with a better understanding of the essential tools and subject matter of microeconomics. Topics include marginal analysis, the price mechanism, market structures, externalities, public goods, contracting, and strategic behavior by firms, among others. The power of basic economic concepts in helping students to understand human interactions will be stressed throughout. Economic tools will also be used to illuminate the causes and consequences of various public policies.

Understanding of economics is critical in fields such as management, advanced accounting, corporate governance, and finance. It is also important in such legal areas as antitrust, property law, torts, and contracts.

Course Objectives: (Sloan Competency area in Brackets)
Upon successful completion of this course a student will be able to:

1. Demonstrate familiarity with the basic tools of microeconomic analysis. [Competency 13 (Economic Analysis)]
2. Demonstrate an understanding of the use and limitations of these tools and have experience in applying them to examine issues in healthcare policy and management. [Competency 3 (Understanding healthcare financing etc.); Competency 13, Economic Analysis; Competency 17 Problem-solving skills]
3. Present economic concepts and applications to health issues orally and in written form. [(Competency 14 (Written communication skills); Competency 15 (Oral communication skills)]

<table>
<thead>
<tr>
<th>Competencies Covered</th>
<th>Level</th>
<th>Teaching Method</th>
<th>Evaluation Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Understanding the financing, organization, regulation, and delivery of the health care system</td>
<td>1</td>
<td>Lecture; class discussion</td>
<td>Class participation</td>
</tr>
<tr>
<td>13. Economic analysis, including cost-effectiveness analysis</td>
<td>2</td>
<td>Lecture and discussion; Assigned reading; In-class activities</td>
<td>Problem sets; Exams</td>
</tr>
<tr>
<td>14. Written communication skills</td>
<td>2</td>
<td>Lecture and written instructions on expectations</td>
<td>Class participation; Problem sets</td>
</tr>
<tr>
<td>15. Oral communication and presentation skills</td>
<td>1</td>
<td>Lecture and written instructions on expectations</td>
<td>Class participation</td>
</tr>
<tr>
<td>17. Problem Solving Skills</td>
<td>2</td>
<td>Lecture; class participation</td>
<td>Problem sets; Exams</td>
</tr>
</tbody>
</table>

Levels: 1 = basic; 2 = advanced
**Readings**
The required textbook is Jeffrey M. Perloff’s “Microeconomics” 7th Edition, 2014. The text will be supplemented by readings that will be posted on blackboard. One additional source for students wishing to access additional materials for the Perloff text is myEconLab, which is a website supporting the Perloff text. It can be purchased on the Pearson/Addison Wesley website.

The chart further down in this document lists the proposed schedule of textbook and additional readings. Please note that readings are subject to change, and there may be updates to the reading that will be announced in class and on Blackboard.

**Grading Scheme**

(1) **Homeworks (20%).** There will be multiple homeworks during the course of the semester. These will be assigned one week before the due date, and made available only through the website. These are individual assignments, not group projects, so the answers you turn in must be your own. They are due at the start of class; **late homeworks will receive no credit.** Submission via blackboard is also acceptable, but the time stamp must indicate that the assignment was submitted by the beginning of class. Homework submitted via email will not be accepted. The lowest homework score will not count towards the course grade (including late or missed assignments).

(2) **Exams.** This class has three exams, each worth 25%. The exams will be closed-book and closed-notes. The first two exams will be held during class on March 3 and April 14. The third exam will be held during the final exam time that is specified by the Cornell Registrar. The final exam time and room has not yet been announced. Watch http://registrar.sas.cornell.edu/Sched/EXSP.html for time and room assignment.

(3) **Class participation (5%).**

Any questions regarding grading on assignments or exams must be submitted in writing, on paper, to the instructor no earlier than 24 hours after the assignment or exam has been returned, and no later than one week after the assignment or exam has been returned.

Dates of all class meetings, exams and due dates of all graded assignments are announced on the syllabus. If any schedule conflict exists which prevents your attendance in class on a particular day, e.g. participation in athletic events off campus, these must be brought to the instructor’s attention within the first two weeks of classes.

**Statement on Academic Integrity**

Absolute integrity is expected of every Cornell student in all academic undertakings. Integrity entails a firm adherence to a set of values, and the values most essential to an academic community are grounded on the concept of honesty with respect to the intellectual efforts of oneself and others. Academic integrity is expected not only in formal coursework situations, but in all University relationships and interactions connected to the educational process, including the use of University resources. A Cornell student's submission of work for academic credit indicates that the work is the student's own. All outside assistance should be acknowledged, and the student's academic position truthfully reported at all times. In addition, Cornell students have a right to expect academic integrity from each of their peers. For further information regarding the Cornell Code of Academic Integrity see: [http://cuinfo.cornell.edu/Academic/AIC.html](http://cuinfo.cornell.edu/Academic/AIC.html). Unless you have the express permission of the instructor, you should not buy or sell course materials. Such unauthorized behavior constitutes academic dishonesty.

**TurnItIn.com Acknowledgement**

Students agree that by taking this course that all papers submitted for the course may be subject to submission for textual similarity review to Turnitin.com for the detection of plagiarism. All submitted papers will be included as source documents in the Turnitin.com reference database solely for the purpose of detecting plagiarism of such papers. Use of the Turnitin.com service is subject to the Usage Policy posted on the Turnitin.com site.

**Disability Accommodations**

In compliance with section 504 of Rehabilitation Act of 1973 and the Americans with Disabilities Act, reasonable accommodation will be provided to students with documented disabilities. Students with disabilities must provide the College with appropriate documentation of their disability before any accommodation can be made. Reasonable accommodation will be provided, on a case-by-case basis.
Students with disabilities should work with Student Disability Services (SDS) (sds_cu@cornell.edu) to determine their best strategies for ensuring access. The SDS website is (http://sds.cornell.edu/). SDS will provide you with an accommodation letter that will enable me to work with you on the logistics of appropriate academic accommodations. Once you have the letter, please make an appointment with me to discuss your requirements as soon as possible.

**Additional Readings (these are the full citations of the papers referred to below)**


**Course Outline**
The class schedule below is tentative and may not be followed exactly.
Perloff= Jeffrey M. Perloff’s “Microeconomics” 7th Edition.
Additional readings not from the text will be placed on Blackboard.
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Required Readings Covered</th>
<th>Other Readings</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday, January 28</td>
<td>Introduction</td>
<td></td>
<td>Drummond et al. (1987)</td>
<td></td>
</tr>
<tr>
<td>Tuesday, February 2</td>
<td>Supply and Demand Models</td>
<td>Perloff Ch. 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, February 4</td>
<td>Applying the Supply &amp; Demand Model</td>
<td>Perloff Ch. 3</td>
<td>Manning et al. (1987); skim article but focus on Table 8</td>
<td>HW1 Assigned</td>
</tr>
<tr>
<td>Tuesday, February 9</td>
<td>Consumer Choice</td>
<td>Perloff Ch. 4</td>
<td></td>
<td>HW1 Due, HW2 Assigned</td>
</tr>
<tr>
<td>Thursday, February 11</td>
<td>Applying Consumer Theory</td>
<td>Perloff Ch. 4 &amp; 5</td>
<td></td>
<td>HW1 Due, HW2 Assigned</td>
</tr>
<tr>
<td>Tuesday, February 16</td>
<td>No class- February Break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, February 23</td>
<td>Production</td>
<td>Perloff Ch. 6</td>
<td>Von Ebers (2016)</td>
<td>HW2 Due, HW3 Assigned</td>
</tr>
<tr>
<td>Tuesday, February 25</td>
<td>continued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuesday, March 1</td>
<td>Costs</td>
<td>Perloff Ch. 7</td>
<td></td>
<td>HW3 Due</td>
</tr>
<tr>
<td>Thursday, March 3</td>
<td>Exam 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuesday, March 8</td>
<td>continued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, March 10</td>
<td>Perfect Competition</td>
<td>Perloff Ch. 8</td>
<td>Dash and Meredith (2010)</td>
<td>HW4 Assigned</td>
</tr>
<tr>
<td>Tuesday, March 15</td>
<td>Applying Competitive Model</td>
<td>Perloff Ch. 9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, March 17</td>
<td>Monopoly</td>
<td>Perloff Ch. 11</td>
<td></td>
<td>HW4 Due</td>
</tr>
<tr>
<td>Tuesday, March 22</td>
<td>continued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, March 24</td>
<td>Pricing</td>
<td>Perloff Ch. 12</td>
<td>Reinhardt (2006)</td>
<td>HW5 Assigned</td>
</tr>
<tr>
<td>Tuesday, March 29</td>
<td>No Class- Spring Break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, March 31</td>
<td>No Class - Spring Break</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuesday, April 5</td>
<td>Oligopoly &amp; Monopolistic Comp.</td>
<td>Perloff Ch. 13</td>
<td></td>
<td>HW5 Due</td>
</tr>
<tr>
<td>Thursday, April 7</td>
<td>continued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuesday, April 12</td>
<td>Strategy</td>
<td>Perloff Ch. 14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, April 14</td>
<td>Exam 2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuesday, April 19</td>
<td>continued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, April 21</td>
<td>Externalities &amp; Public Goods</td>
<td>Perloff Ch. 18</td>
<td>Meltzer (2009)</td>
<td>HW6 Assigned</td>
</tr>
<tr>
<td>Tuesday, April 26</td>
<td>continued</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thursday, April 28</td>
<td>Uncertainty</td>
<td>Perloff Ch. 17</td>
<td>Horowitz and Levy (2012)</td>
<td>HW6 Due, HW7 Assigned</td>
</tr>
<tr>
<td>Tuesday, May 3</td>
<td>Asymmetric Information</td>
<td>Perloff Ch. 19</td>
<td></td>
<td>HW7 Due</td>
</tr>
<tr>
<td>Thursday, May 5</td>
<td>continued</td>
<td></td>
<td></td>
<td>HW7 Due</td>
</tr>
<tr>
<td>Tuesday, May 10</td>
<td>Contracts</td>
<td>Perloff Ch. 20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>