

The College of William and Mary

ECON 101: Principles of Microeconomics
Section 3 (Tuesdays and Thursdays 12:30-1:50)
Section 4 (Tuesdays and Thursdays 3:30-4:50)

Syllabus

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Course Overview

ECON 101 is the first course in the introductory economics sequence at the College of William and Mary. The second course in the sequence, ECON 102: Macroeconomics, examines the performance of the economy as a whole. Microeconomics, which is the subject matter of ECON 101, focuses on economic phenomenon at a much smaller scale, such as the characteristics of different markets, characterized in terms of how competitive they are.

Microeconomic topics covered in this course include: supply and demand and the determination of price in a competitive market; the characteristics of a completely uncompetitive market known as monopoly; gradations of markets falling between competitive markets and monopoly; the criteria for profit maximization by firms; welfare-maximizing behavior by households; international trade; economic issues surrounding third-party impacts arising from production and consumption; and the determination of wage and salary levels across different occupations. Please see Course Outline and Reading Assignments section below for a detailed list of topics covered.

If I were to identify five core competencies I hope you take away from the course, they would be the following:

1. The ability to analyze the four types of market structure (perfect competition, monopoly, oligopoly and monopolistic competition) and to think about real world industries through these four lenses.
2. The ability to identify cases where the market system works, in the sense of delivering socially desirable outcomes, and cases where it does not, and why.
3. The ability to discern the assumptions implicitly being made in a microeconomic analysis or theory.
4. The ability to apply concepts learned in the course to issues of public policy.
5. The ability to apply concepts learned in the course to managerial and strategic issues facing both for-profit and not-for-profit organizations.

Successful completion of this course satisfies the College of William & Mary's General Education Requirement (GER) 3. This course also carries the Cultures, Societies, and the Individual (CSI) knowledge domain attribute for the COLL curriculum.

About Myself

I grew up in Denver, Colorado, so of course I'm a big fan of the Denver Broncos. I tell you, life's good when your favorite team is the reigning Super Bowl Champions! Just wanted to point this out to any Panthers fans in the class. ☺

I received my Bachelor of Science in Accounting at the University of Denver in 1983. I was a very bookish, nerdy type of student – you know, the type you find in the library on a Friday evening – and decided to pursue a career where I would get paid to indulge my bookishness. I had taken a particular liking to economics, so I thought I'd take a shot at obtaining the credentials I would need to become an economics professor.

I stuck around a couple more years at the University of Denver to earn my Master of Arts in Economics degree in 1985 and then went on to earn my Ph.D. in Economics from the University of Michigan in 1990. I met my wife while at the U. of M., and it was love at first sight! Er, well, it least it was at my end. We got married the same year I received my doctorate, and she's managed to put up with me ever since. We have one son, who is now majoring in computer science and statistics at the University of Auckland.

After obtaining my doctorate, I worked as a visiting faculty member at Oakland University, located just outside of Detroit, while my wife was finishing up her doctorate. My wife then took a job as a research scientist at Brookhaven National Laboratory on Long Island, so I followed her east, first as a visiting faculty member at Bucknell University in Pennsylvania and then as a tenure-track faculty member at Dowling College on Long Island, where I started working in 1994. The happiest years of my adult life were the years spent on Long Island. Our son grew up there, and I loved my job at Dowling. Sad to say, things came crashing down over the spring and summer, and Dowling had to close its doors due to financial difficulties. I then became an academic refugee, and the Department of Economics here at William and Mary graciously offered me asylum as a visiting faculty member.

My all-time favorite intellectual is Friedrich Nietzsche, an existentialist philosopher who wrote his last book in 1888, when he went insane. My favorite living intellectual is Kathleen Higgins, a philosophy professor at the University of Texas. I enjoy reading about philosophy, cosmology and history, whenever I find the opportunity to do so. I will be spending much of my time browsing books over in the Swem Library, especially in the vicinity of the "B" call numbers. If you come across me there, please do not hesitate to stop and chat. I do not mind the distraction at all. I will also be spending much of my time at the Student Recreation Center since, at my advanced age, I get achy bones if I do not work out regularly. You are more than welcome to join me on my workout circuit, provided you can resist the urge to laugh at the sight of me working out.

If, for some strange reason, you would like to know about the areas I have published in, just Google “Mark Greer Google Scholar”, and a link to my Google Scholar profile should appear. As you will see, I have been a dilatant in a small number of widely disparate fields in economics, which of course also means I’m an expert at nothing!

Text and Course Materials

As we will learn later in the course, a market devoid of competition and known as monopoly exhibits a number of evils. These include (to use some terminology that is foreign to you now but will be familiar to you later) a deadweight loss, X-inefficiency and rent-seeking behavior. The market for a new college textbook is an excellent example of monopoly, as only the publisher holding the copyright is allowed to produce the book. We will refer to this market extensively when we cover monopoly.

As part of my personal war against monopoly, I do not require my students to purchase the latest edition of the assigned textbook for the course, *Microeconomics*, 4th edition by Paul Krugman and Robin Wells, which would set you back by about \$227 if you were to purchase it. Instead, we will be using the 3rd edition of this textbook, which is available in the highly competitive market for used versions of previous editions of textbooks. In fact, you can purchase it on-line, e.g. through Amazon, for about \$12, shipping included.

When you purchase the textbook, make sure you get the 3rd edition, not the 4th edition, unless you happen to stumble across a used version of the 4th edition that is cheaper than any copies of the 3rd edition still available, or if you want to show off to the other students in the class what a big spender you are by purchasing the 4th edition new. Also, make sure its title is *Microeconomics*, not *Macroeconomics*. The publisher also publishes *Macroeconomics* by Krugman and Wells, and its cover is identical to the textbook we will be using, except for an “a” replacing an “i” in the title.

Since many of you will not receive the textbook until the second or third week of the semester, I have placed four copies of the book on reserve at the Swem Library. They will be there throughout the semester.

You will need to bring to each class meeting a wifi-enabled cellphone, tablet or laptop computer that has a browser loaded on it. We will be using Poll Everywhere, an internet-based clicker technology for in-class practice problems we will be doing. It costs \$14 per year to subscribe to Poll Everywhere, but the subscription fee covers its use in all classes where the instructor has adopted it. Further instructions on Poll Everywhere will be provided shortly.

Course Requirements and Grading

Course requirements consist of three regular exams and one final exam. The following weights will be given to the course requirements when your course grade is calculated:

Regular Exams	69% (23% each)
Final Exam	31%

The regular exams will not be cumulative, but the final exam will be. Detailed study guides for the examinations will be distributed in advance of each exam. Practice problems galore, self-tests and on-line learning modules produced by a group of economics faculty at William and Mary will be posted on the course website to help you prepare for the exams also. If your score on the final exam is higher than your lowest regular exam score, your score on the final exam will replace your lowest exam score. Please note that this can be done for only one regular exam score. See Course Outline and Reading Assignments for the dates of the exams.

If you are eligible for accommodations on examinations, please make arrangements with Student Accessibilities Services at least two weeks in advance of the first exam. They will make arrangements for such accommodations.

At the end of the semester, your weighted average course score will be calculated by applying the weights, listed above, to your scores on the exams. Your weighted average course score will then be converted to a letter grade using the following scale: 93% and higher = A, 90%-92% = A-, 87%-89% = B+, 83%-86% = B, 80%-82% = B-, 77%-79% = C+, 73%-76% = C, 70%-72% = C-, 67%-69% = D+, 63%-66% = D, 60%-62% = D-, and 59% and below = F. This grade scale will be applied strictly to all students and no exceptions or special favors will be granted.

ADA Accommodation Statement

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels s/he may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2509 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

Missed Exam Policy

A student who misses a regular exam will receive a score of zero on it, and the student's score on the final exam would then replace the zero at the end of the semester. This accommodation will be made automatically in cases where students miss only one exam. In extenuating and uncontrollable circumstances, such as severe illness requiring medical attention or participation in College-sanctioned events precluding a student from taking an exam, a student may be allowed to have her/his final exam score replace a

second missed regular exam score of zero. In these cases, the student must present documented and credible evidence of such extenuating and uncontrollable circumstances.

The final exam is cumulative and mandatory. Make-up final exams will be available only in extraordinary circumstances with documentation from the dean of students office.

Opportunities for Extra Credit Work

No way! If Student A outperforms Student B on the common set of assessments, i.e., the exams, Student A deserves to be recognized with a higher course grade than Student B. If Student B were allowed to do extra credit, then he/she may end-up with the same or even a higher course grade than Student A, which would not be fair to Student A. This is not going to happen in my class. No way!

Drop/Add Deadline

If you find that you simply cannot tolerate looking at my bald head and big nose, listening to my creaky, midwestern-accented voice, and being offended by my obnoxious personality, the deadline for drop/add is September 2.

Policy on Student Cheating

Use of any unauthorized outside sources when completing graded work will be deemed a violation of the College's Honor Code, and cases where this happens will be referred to the Honor Council.

Office and Office Hours

My office is 241 Tyler Hall, and I will hold office hours there from 10:00-11:00 a.m. and from 2:00-3:00 on Tuesdays and Wednesday. If you cannot see me during my regularly scheduled office hours, I will be glad to schedule an appointment with you at a different time.

Course Outline and Reading Assignments (Dates Tentative):

Reading assignments should be completed by the date indicated.

<u>Date</u>	<u>Topic(s) and Reading Assignment</u>
Aug. 25	1. Introduction to the course. Assigned Reading: None.
Aug. 30	1. The nature and focus of economics. 2. Production possibilities and the concept of opportunity cost.

Assigned reading: Text, Chaps. 1 and 2.

- Sept. 1 1. Characteristics of a competitive market. 2. Buyer behavior in a competitive market, or market demand.
Assigned Reading: Text, Chap. 3.
- Sept. 6 1. Supply in a competitive market. 2. Where price ends-up in a competitive market, aka market equilibrium.
There are no additional assigned readings for this date.
- Sept. 8 1. Equilibrium in a competitive market, continued. 2. Analyzing changes in demand and changes in supply. 3. Consumer and producer surplus.
Assigned Reading: Text, Chap. 4.
- Sept. 13 1. Price floors, price ceilings and quotas.
Assigned reading: Text, Chap. 5.
- Sept. 15 1. Price floors, price ceilings and quotas, continued. 2. Price elasticity of demand.
Assigned reading: Text, Chap. 6.

An optional review session will be held from 7:00 p.m. until whenever on September 19 in order to help prepare you for the first regular exam. Location TBA.

- Sept. 20 **First regular exam.**
- Sept. 22 1. Cross-price elasticity of demand. 2. Income-elasticity of demand. 3. Elasticity of supply.
There are no additional assigned readings for this date.
- Sept. 27 1. A microeconomic analysis of taxes.
Assigned Reading: Text, Chap. 7.
- Sept. 29 1. Rationality in decision-making.
Assigned reading: Text, Chap. 9, excluding appendix.
- Oct. 4 1. Analysis of consumer choice.
Assigned reading: Text, Chap. 10, including appendix.
- Oct. 6 1. Consumer rationality, continued.
There are no additional assigned readings for this date.
- Oct. 11 Class will not be held, due to Fall Break.
- Oct. 13 1. The cost structure of a firm.
Assigned reading: Text, Chap. 11

Oct. 18 1. More on the cost structure of a firm.
There are no additional assigned readings for this date.

An optional review session will be held from 7:00 p.m. until whenever on October 19 in order to help prepare you for the second regular exam. Location TBA.

Oct. 20 **Second regular exam.**

Oct. 25 1. The firm in a perfectly competitive market. 2. The short-run and long-run in a perfectly competitive market.
Assigned reading: Text, Chap. 12.

Oct. 27 1. More on the short-run and long-run in a perfectly competitive market.
There are no additional assigned readings for this date.

Nov. 1 1. Analysis of a monopolized industry.
Assigned reading: Text, Chap. 13.

Nov. 3 1. Analysis of an industry with few sellers, or oligopoly.
Assigned reading: Text, Chap. 14.

Nov. 8 1. More on oligopoly.
There are no additional assigned readings for this date.

Nov. 10 1. Opportunity cost, as applied to international trade. 2. The comparative advantage theory of international trade.
Assigned reading: Text, Chap. 8.

An optional review session will be held from 7:00 p.m. until whenever on November 14 in order to help prepare you for the third regular exam. Location TBA.

Nov. 15 **Third regular exam.**

Nov. 17 1. Market failure: Third-party effects, or externalities, and public goods.
Assigned reading: Text, Chaps. 16 and 17.

Nov. 22 1. More on externalities and public goods.
There are no additional assigned readings for this date.

Nov. 24 Class will not be held, due to Thanksgiving Break.

Nov. 29 1. Labor markets and the distribution of income.
Assigned reading: Text, Chap. 19.

Dec. 1 1. More on labor markets and the distribution of income.

There are no additional assigned readings for this date.

An optional review session will be held from 7:00 p.m. until whenever on December 5 in order to help prepare you for the final exam. Location TBA.

The final exam for Section 3 will be held from 9:00 a.m. – 12:00 p.m. on Tuesday, December 6.

The final exam for section 4 will be held from 2:00 – 5:00 p.m. on Friday, December 9.

The instructor reserves the right to modify the order and dates of material covered and the dates of the regular exams. Of course, any such changes will be announced in advance.