

The College of William and Mary

ECON 101: Principles of Microeconomics

Section 5 (Mondays, Wednesdays and Fridays 11:00 – 11:50)

Section 6 (Mondays, Wednesdays and Fridays 12:00 – 12:50)

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 and am a proud graduate of Iver C. Ranum High School. Unfortunately, my high school no longer exists, for after I graduated, the Colorado State Department of Education shut it down because the standardized test scores of its students indicated that the school was academically ineffective. (Hmm, that might explain a lot.)

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 has 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 in June, 2016, when Dowling had to close its doors because it went broke. 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, just before he went insane. My favorite living intellectual is actually a tie between Kathleen Higgins, a philosophy professor at the University of Texas, and David P. Levine, who wrote a great deal about economics in the past but now publishes in the area of psychology. I enjoy reading about philosophy and history, whenever I find the opportunity to do so. I will be spending much of my time browsing books over in 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 set your browser to <https://scholar.google.com/citations?user=l3AkrcQAAAAJ&hl=en>, and a link to my Google Scholar profile should appear. As you will see, I have been a dilatant in a small number of disparate fields in economics. In other words, I am an expert at nothing. I pride myself, however, on being a connoisseur of beer.

### **Text and Course Materials**

As we will learn later in the course, a market devoid of competition, known as a 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*, 5<sup>th</sup> edition by Paul Krugman and Robin Wells, which would set you back by about \$180 if you were to purchase it. Instead, we will be using the 4<sup>rd</sup> edition of this textbook, which is available in the highly competitive on-line market for used versions of previous editions of textbooks. You can save even more money by purchasing the 3<sup>rd</sup> edition of the textbook, which is fine with me, for about \$12 through on-line bookstores.

When you purchase the textbook, 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.

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. The College has your subscription to Poll Everywhere covered, so you do not have to pay for it. Further instructions on Poll Everywhere will be provided shortly.

### **Course Requirements and Grading**

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

Regular Exams	70% (14% each)
Final Exam	30%

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 and practice exams 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 each exam. They will provide 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 they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or

at [sas@wm.edu](mailto:sas@wm.edu) to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see <http://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 a student misses 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. Also, in cases where a student misses one exam due to documented extenuating circumstances and misses no other exams, that student will still be entitled to have his/her final exam score replace the lowest score on the regular exams she/he took if the latter is lower than the former.

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

### **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 7. The deadline to withdraw from the course (which I sure hope you do not have to do) is October 26.

### **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.

### **Policy on Policy Implementation**

The only fair way to apply policies is to apply them strictly. If there were any wiggle room at all in the implementation of policies, then some students would end-up getting special sweetheart deals that other students do not get. This would not be fair. Policies in this course will be applied fairly. Beware of this.

### **Office and Office Hours**

My office is 464 Tyler Hall, and I will hold office hours there from 3:30-5:00 on Mondays and Wednesdays and from 2:00-4:00 on Fridays. 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. I prefer that students meet with me during my designated office hours, but it is not necessary that they limit themselves to these blocks of time. Normally, when I am in my office, even outside of office hours, I keep my office door open. I do that so that anyone so inclined can walk right on in and chat with me – no need to even knock. The exception to this practice is when I need to concentrate hard and think about something I am working on, in which case I keep my door closed. However, this does not happen very often, since I do not think very often.

### **Course Outline and Reading Assignments (Dates Tentative):**

**Reading assignments should be completed by the week indicated.**

<u>Week of</u>	<u>Topic(s) and Reading Assignment</u>
Aug. 27	1. Introduction to the course. Assigned Reading: Text, Chaps. 1 and 2, including appendix, if you can read them by Friday, August 31. If you cannot, have them read by Monday, September 3.
Sept. 3	1. The nature and focus of economics. 2. Production possibilities and the concept of opportunity cost. Assigned reading: Text, Chaps. 1 and 2, including appendix.
Sept. 10	1. Characteristics of a competitive market. 2. Buyer behavior in a competitive market, or market demand. Assigned Reading: Text, Chap. 3.
Sept. 17	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. 24      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.

\*An optional extra help session, in which we will go over practice problems in preparation for the first regular exam, will be held on Sunday, Sept. 23 from 1:00-2:30, location TBA.

\*The first exam will be held on Monday, Sept. 24.

Oct. 1      1. Price floors, price ceilings and quotas.  
Assigned reading: Text, Chap. 5.

Oct. 8      1. Price elasticity of demand.  
Text, Chap. 6.

Oct. 15      1. Cross-price elasticity of demand. 2. Income-elasticity of demand. 3. Elasticity of supply.  
There are no additional assigned readings for this date.

\*An optional extra help session, in which we will go over practice problems in preparation for the second regular exam, will be held on Thursday, Oct. 18 from 6:00-7:30, location TBA.

\*The second exam will be held on Friday, Oct. 19.

Oct. 22      1. Rationality in decision-making.  
Assigned Reading: Text, Chap. 9.

Oct. 29      1. Analysis of Consumer Choice.  
Assigned reading: Text, Chap. 10, including appendix.

\*An optional extra help session, in which we will go over practice problems in preparation for the third regular exam, will be held on Tuesday, Oct. 30 from 6:00-7:30, location TBA.

\*The third exam will be held on Wednesday, Oct. 31.

Nov. 5      1. The cost structure of a firm.  
Assigned reading: Text, Chap. 11

Nov. 12            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.

\*An optional extra help session, in which we will go over practice problems in preparation for the fourth regular exam, will be held on Tuesday, Nov. 13 from 6:00-7:30, location TBA.

\*The fourth exam will be held on Wednesday, Nov. 14.

Nov. 19            1. Analysis of a monopolized industry.  
Assigned reading: Text, Chap. 13.

Nov. 26            1. Analysis of an industry with few sellers, or oligopoly. 2. Monopolistic competition.  
Assigned reading: Text, Chaps. 14 and 15.

\*An optional extra help session, in which we will go over practice problems in preparation for the fifth regular exam, will be held on Tuesday, Nov. 27 from 6:00-7:30, location TBA.

\*The fifth exam will be held on Wednesday, November 28.

Dec. 3             1. International trade.  
Assigned reading: Text, Chap. 8

\*An optional extra help session, in which we will go over practice problems in preparation for the final exam, will be held on Tuesday, Dec. 11 from 6:00-7:30, location TBA.

\*Final Exams:

Section 5    Wednesday, Dec. 19, 9:00 – 12:00

Section 6    Wednesday, Dec. 12, 9:00 – 12:00

Prof. Greer 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.