

Econ403

Incentives

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The add/drop day is August 28. The deadline for withdrawing is October 12.

The only text that you have to purchase is the third edition of my book *Incentives*. ***The first or second edition will not do.***

The final grade will be based on

Term test 1 written on Sept 7 from 11am to 11:50am (worth 25 points)

Term test 2 written on Sept 28 from 11am to 11:50am (worth 25 points)

Term test 3 written on Oct 19 from 11am to 11:50am (worth 25 points)

The final examination written on Nov 19, starting at 9am (worth 25 points)

THE TESTS Each of the four exams will be posted on Blackboard at 9am on the date set aside, and taken off that site when time expires. Each will be *noncumulative*, and hence will only examine you on material that I have discussed in lectures since the previous test. You will submit your answers on paper, and email them to me as a pdf file. (In early September I will tell you more about that process.)

GRADE BRACKETS:

A minus: 90 – 93

A: > 93

B minus: 80 – 83

B: 83.1 – 86.9

B plus: 87 – 89.9

C minus: 65 – 69.9

C: 70 – 74.9

C plus: 75 – 79.9

D minus: 50 – 54.9

D: 55 – 59.9

D plus: 60 – 64.9

TIME-ZONE DISPARITY: I need to know if you will be spending the fall term in a time zone that is behind, or ahead of, the time in Williamsburg by more than two hours. If that applies to you please contact me by email before August 26th to let me know what time zone you are in.

PROBLEM SETS There are ten problem sets which will be placed, one at a time, in the *Assignments* folder on Blackboard. I will post the solutions for each shortly after I present the economy theory with which the problem set deals. I will not collect and grade your own solutions, but you have ample incentive to work hard on them before I supply my answers: The problem sets help you learn the principles of economics on which you will be tested. Ignoring them is almost a guarantee that you will not earn a decent grade for the course.

The problem sets help you learn the economic theory, and the tests examine you on those theories. *Use your lecture notes as a guide to what I consider most important, and hence as a guide to the topics on which you will likely to be tested. Use the problem sets as a guide to how you will be tested.*

OFFICE HOURS My online version of “office hours” is a file called *Questions and Answers* which will be the first item in the *Assignments* folder. When you are struggling with a specific problem set send me an email asking for help. I will send you my answer by email. Those questions and answers will constitute the *Questions and Answers* document. It will not use the names of the students who submit questions.

THE LECTURES I will record my lectures and store them on Blackboard. They will accumulate faster than you need to listen to them. I want you to determine the pace at which you consult them. Each lecture be given a title that will bear the topic and the date on which I would giving the lecture if you and I were in the classroom and I were following the class schedule set by the college. That will allow you to determine if you are falling behind in viewing lectures.

PATH TO THE LECTURES

Go to *Blackboard* and select this course

Select *Tools*, which is the third item on the left under the course name

Select *Panopto content*, where the lectures are stored.

Course Outline

1. Introduction

Asymmetric information (pp. 2 – 16 of Chapter 1)

Taxi (pp. 16 – 18 of Chapter 1)

Picking a winner (pp. 18 – 22 of Chapter 1)

Efficiency (pp. 23 – 29 of Chapter 1 and pp. 111 – 114 of Chapter 2)

2. Efficiency and social cost pricing

Introduction (pp. 358 – 367 of Chapter 6)

Uniform probability distribution (pp. 120 and 121 of Chapter 2)

The Vickrey auction (Sections 6.2.1, 6.2.2, and 6.2.3 of Chapter 6)

Continued on the next page

3. Public goods

The economic model (pp. 461 – 475 of Chapter 8)

The pivotal mechanism (pp. 478 – 489 of Chapter 8)

4. Insurance

Decision making under uncertainty (pp. 111 – 134 of Chapter 2)

Insurance (pp. 136 – 146 of Chapter 2)

Moral hazard and insurance (pp. 202 – 217 of Chapter 3)

5. Motivating workers and managers

Corporate governance (pp. 219 – 283 of Chapter 4)

6. Bundling and product quality (pp. 308 – 320 of Chapter 5)

VOTING INFORMATION

Students may register to vote, request a mail ballot, or change their address to Williamsburg from another VA address by visiting

<https://vote.elections.virginia.gov/VoterInformation>.

Students who are already registered to vote in another state but would like to change their registration to Williamsburg may do so by filling out and mailing the following form:

[https://www.elections.virginia.gov/media/formwarehouse/veris-voter-registration/applications/VA-NVRA-1-Voter-Registration-Application-rev-4_1-\(1\).pdf](https://www.elections.virginia.gov/media/formwarehouse/veris-voter-registration/applications/VA-NVRA-1-Voter-Registration-Application-rev-4_1-(1).pdf).