

The College of William and Mary

ECON 101: Principles of Microeconomics

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Course meetings: Washington Hall 201, MW 1400 – 1520
Office hours: F 11:00 AM – 11:50 AM and by appointment

1. Course overview

This course will introduce microeconomic theory for policy analysis and public administration. Students will learn how to apply economic reasoning to public policy questions. We will present and evaluate economic arguments for and against government policies by examining the impact of public policies on households, workers, and firms.

Microeconomics is the study of individual behavior and the incentives that govern our choices. Government policies will often, either by design or by default, affect people's behavior by altering the incentives they face. In addition, government policies require the allocation of scarce resources in a way that will require use to evaluate the trade-offs we face. Both of these have implications for policy design and both of these are things that economists think about deeply. The purpose of this course is to provide students with an understanding of how economists think about decision-making. We will study the behavior of individuals, firms, and the public sector and think about how the three interact.

This course is intended to equip you with the conceptual, graphic and algebraic tools used in microeconomic analysis. In addition to its intrinsic relevance, the materials covered provide important preparation for upper level courses in fields like development economics, international economics, and regulation of markets, among others.

This course develops basic concepts of microeconomic theory, with an emphasis on the economics of the public sector. Topics include: market economy, prisoner's dilemma, preferences, constrained choice, consumer demand, profit maximization in a competitive market, market failure, and the effects of taxes, subsidies, and regulations.

Our objective in this course is to:

- 1) Understand how economic reasoning can be used to think about government policy;
- 2) Understand how economic reasoning can be used to make well-informed decisions;
- 3) Understand the role of prices in conveying economic information.

2. Course Materials

Recommended Readings: *Microeconomics* by Robert S. Pindyck. 9th edition. ISBN: 9780134184241

3. Assignments and grading

Suggestions for success in this course: Come to every class and take good notes. The lectures will cover the most important materials and will discuss real life applications. In addition, I will solve in class problems representative of the exam questions.

3.1. Grading

I will calculate course grades based on the following items. You need to complete all items to receive course credit. Students not completing all items will receive an Incomplete.

Percent	Item
10	Post-Module quizzes
30	Test 1
30	Test 2
30	Test 3 (Final Exam)

In general, I will base grades on the following percentage scale with partial-percents typically rounded to the nearest full percent: A=93-100; A-=90-92; B+=88-89; B=83-87; B-=80-82; C+=78-79; C=73-77; C-=70-72; D+=68-69; D=63-67; D-=60-62; F<60.

In a class such as this, any grade below a “B” on any assignment, exam, or paper suggests that a student is having trouble grasping basic course ideas, which are essential building blocks for future courses and the work world. Please talk with me if you find yourself having difficulty.

Finally, because errors sometimes creep into grade calculations (and on rare occasions assignments are misplaced after they have been handed in) please keep a copy of all work submitted for this course until final grades have been processed.

3.2. Exams

We will have three tests. The exam will ask you to perform calculations and will emphasize interpreting results.

3.3. Accommodations

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 to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see <http://www.wm.edu/sas>

3.4. Honor Code

William & Mary has had an honor code since at least 1779. Academic integrity is at the heart of the university, and we all are responsible for upholding the ideals of honor and integrity. The student-led honor system is responsible for resolving any suspected violations of the Honor Code, and I will report all suspected instances of academic dishonesty to the honor system. The *Student Handbook* (www.wm.edu/studenthandbook) includes your responsibilities as a student and the full Code. Your full participation and observance of the Honor Code is expected. To read the Honor Code, see www.wm.edu/honor.

3.5. Writing Resource Center

The Writing Resources Center, located on the first floor of Swem Library, is a free service provided to W&M students. Trained consultants offer individual assistance with writing, presentation, and other communication assignments across disciplines and at any stage, from generating ideas to polishing a final product. To make an appointment, visit the WRC webpage www.wm.edu/wrc.

4. Course Topics

We will adjust this schedule as needed. Any changes to assignment or exam due dates will provide you with more time, not less time, to complete the work. You will notice that the reading assignments repeat for some days. That is intentional because re-reading certain pages in a new context will help to deepen your understanding of prior concepts while establishing new ones.

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1. Foundations of Economic Behavior
 - 1.1. Supply, Demand and Market Equilibrium
 - 1.2. Consumer Behavior
 - 1.3. Producer Behavior
 2. The Analysis of Competitive Markets
 - 2.1. Efficiency
 - 2.2. Policy Analysis: Taxes, Tariffs and Price Supports
 3. Market Structure and Competitive Strategy
 - 3.1. Monopoly
 - 3.2. Regulation of Markets
 4. Information, Market Failure and the Role of Government
 - 4.1. Externalities
 - 4.2. Asymmetric Information and Moral Hazard
 - 4.3. Public Goods and Common Property Resources

	Date	Overview	Topic	Readings	Learning Modules
Week 1	Wednesday, January 22, 2020	Introduction and course overview	Why study Microeconomics? Corporate Decision Making - Public Policy Design	Chapter 1	
Week 2	Monday, January 27, 2020	The Basics of Supply and Demand		Chapter 2: 2.1, 2.2, 2.3	
	Wednesday, January 29, 2020	Understanding and Predicting the Effects of Changing Market Conditions	Elasticities of Supply and Demand, The Effects of Government Intervention - Price Controls	Chapter 2: 2.4, 2.5, 2.6, 2.7	Module 1 Supply and Demand
Week 3	Monday, February 3, 2020	Foundations of Economic Behavior	Consumer Behavior	Chapter 3: 3.1, 3.2, 3.3, 3.5	
	Wednesday, February 5, 2020	Foundations of Economic Behavior	Consumer Behavior	Chapter 3: 3.1, 3.2, 3.3, 3.5	Module 2 Elasticity
Week 4	Monday, February 10, 2020	Foundations of Economic Behavior	Producer Behavior	Chapter 6: 6.1, 6.2; Chapter 7: 7.1, 7.2; Chapter 8: 8.1, 8.2, 8.3, 8.4, 8.7	Module 3 Production and Costs
	Wednesday, February 12, 2020	Foundations of Economic Behavior	Producer Behavior	Chapter 6: 6.1, 6.2; Chapter 7: 7.1, 7.2; Chapter 8: 8.1, 8.2, 8.3, 8.4, 8.7	
Week 5	Monday, February 17, 2020	The Analysis of Competitive Markets	Evaluating the Gains and Losses from Government Policies: Consumer and Producer Surplus	Chapter 4: 4.4; Chapter 8: 8.6, 8.7; Chapter 9: 9.1, 9.2	Module 4 Efficiency in a Market
	Wednesday, February 19, 2020	The Analysis of Competitive Markets	Minimum Prices, Price Supports and Production Quotas	Chapter 9: 9.3, 9.4	
Week 6	Monday, February 24, 2020	The Analysis of Competitive Markets	Minimum Prices, Price Supports and Production Quotas	Chapter 9: 9.3, 9.4	
	Wednesday, February 26, 2020	The Analysis of Competitive Markets	Import Quotas and Tariffs	Chapter 9: 9.5	
Week 7	Monday, March 2, 2020	Test 1			
	Wednesday, March 4, 2020				

Week 8	Monday, March 9, 2020	Spring Break			
	Wednesday, March 11, 2020	Spring Break			
Week 9	Monday, March 16, 2020	The Analysis of Competitive Markets	The Impact of a Tax or Subsidy	Chapter 9: 9.6	
	Wednesday, March 18, 2020	The Analysis of Competitive Markets	Distributional Considerations of Fiscal Policies	Chapter 9: 9.6	
Week 10	Monday, March 23, 2020	Market Structure and Competitive Strategy	Monopoly	Chapter 10: 10.1, 10.2, 10.3	Module 5 Excise Taxes
	Wednesday, March 25, 2020	Market Structure and Competitive Strategy	The Social Cost of Monopoly Power; Limiting Market Power: The Antitrust Laws	Chapter 10: 10.5, 10.6, 10.7	
Week 11	Monday, March 30, 2020	Information, Market Failure and the Role of Government	Externalities: Social Costs	Chapter 18: 18.1, 18.2	
	Wednesday, April 1, 2020	Information, Market Failure and the Role of Government	Externalities: Regulation and Property Rights	Chapter 18: 18.1, 18.2, 18.4	
Week 12	Monday, April 6, 2020	Test 2			
	Wednesday, April 8, 2020	Information, Market Failure and the Role of Government	Externalities and Property Rights	Chapter 18: 18.4	
Week 13	Monday, April 13, 2020				
	Wednesday, April 15, 2020	Passover			
Week 14	Monday, April 20, 2020	Information, Market Failure and the Role of Government	Insurance Markets	Chapter 5: 169-172; Chapter 17: 17.1, 17.3	
	Wednesday, April 22, 2020	Information, Market Failure and the Role of Government	Markets with Asymmetric Information: Principal-Agent Problems	Chapter 17: 17.4, 17.5, 17.6	Module 6 Insurance Markets
Week 15	Monday, April 27, 2020	Information, Market Failure and the Role of Government	Markets with Asymmetric Information: Principal-Agent Problems	Chapter 17: 17.4, 17.5, 17.6	
	Wednesday, April 29, 2020	Information, Market Failure and the Role of Government	Common Property Resources	Chapter 18: 18.5, 18.6	Module 5 Common Resources
	Monday, May 11, 2020	FINAL EXAM		2:00 PM - 5:00 PM	