

Principles of Microeconomics

Class Time: Tuesday & Thursday 8:30AM - 9:50AM

Friday: 7 AM-8:20 AM

First Semester 2021

Instructor:

Justin T Callais

Office Hours: by appointment, via Zoom. Note that I will be extremely flexible in terms of meeting. I will make time to meet as long as I am not in class!

Email: justintimothy@ufm.edu

Teaching Assistant:

Juan Carlos Ortego Armas

Email: jcortega@ufm.edu

Course Description:

Economics is the study of choice given scarcity. This course will provide an introductory study of the principles that affect incentives and outcomes of economic behavior at the level of the individual decision maker. Specifically, we will cover what is called price theory. Price theory seeks to simplify the complexity of the world through prices. The tools learned in this course can be used as a way of understanding the global economy, allocation decisions, policies, and other phenomena.

Required Text:

Landsburg's Price Theory and Applications (9th edition) (labeled PT)

ISBN-10: 1-285-42352-6

ISBN-13: 978-1-285-42352-4

Videos and Articles will also be posted throughout the semester.

Grading:

Exam 1: 200 points

Exam 2: 200 points

Final Exam: 400 points

Quizzes, Homeworks, and In-Class Assignments: 200 points (plus 75 bonus points)

Total: 1000 points (plus 75 bonus points)

(Note: if you want to know your "score", you can move a decimal point in front of the last number to get your average)

Attendance:

I do not require attendance, but I do keep track of attendance. Attendance and participation will be used as a gauge for those "close" to having their grade be the next letter up.

Exams:

There will be 2 exams throughout the semester, as well as a *cumulative* final. These exams will be taken during the class period, but online. It will be a combination of multiple choice, essays, and problem-solving.

Exam 1: Chapters 1-8

Exam 2: Chapters 9-11, 13-15, 18

Final Exam: (Cumulative)

Note that these exams will also be based on lectures and supplemental articles.

Chapter Quizzes & Homeworks:*Chapter Quizzes:*

After each chapter, you will take a short 5-question quiz. They will be based on the textbook or anything mentioned in the lectures. There will be one for each chapter (10 of them), and each quiz is worth 10 points (100 points total). These chapter quizzes will be done at the end of the class period where we finish the topic.

Below you can find the topics for the chapters we will cover. There is a chance that anyone of them will be one of the 10 quizzes. We will determine how to best chose the 10 quizzes in the first class session:

Chapter 1: Supply, Demand, and Equilibrium

Chapter 2: Price, Costs, and Gains from Trade

Chapter 3: Behavior of Consumers

Chapter 4: Consumers in the Marketplace

Chapter 5: Behavior of Firms

Chapter 6: Production and Costs

Chapter 7: Competition

Chapter 8: Welfare Economics and Gains from Trade

Chapter 9: Knowledge and Information

Chapter 10: Monopoly

Chapter 11: Market Power, Collusion, and Oligopoly

Chapter 13: External Costs and Benefits

Chapter 14: Common Property and Public Goods

Chapter 15: Demand for Factors of Production

Chapter 18: Risk and Uncertainty

Homeworks:

There will be homeworks throughout the semester that will count towards 75 points of your final grade. We will have 3 problem sets (worth 25 points each). There will be, however, five problem sets that you can do. You get to pick which three you want to do, but you must decide whether to do it or not before you see them. Unlike the quizzes (which are class-wide decisions), these are individualized. Once we finish covering a “problem set” group, I will ask you whether or not you want to do it based on your comfort level of that material. Remember that you must do 3 of the 5, so choose wisely!

The problem sets will typically be a few problems that you need to solve, either mathematically or through logic. An outline of each can be found below:

Problem Sets (25 points each)

PS #1: Ch 1-4

Decide to take by January 28th, Due Feb. 4th

PS #2: Ch 5-7

Decide to take by Feb. 23rd; Due March 2nd

PS #3: Ch 9-10

Decide to take by March 18th; Due March 25th

PS #4: Ch 11, 13-14

Decide to take by April 15th; Due April 22nd

PS #5: Ch 15, 18

Decide to take by April 29th; Due May 4th

In-Class Activities and Discussion:

We will have 5 in-class activities using MobLab. You'll receive detailed instructions with a registration code. To participate in MobLab games you need an internet-connected device. Laptop users can use any browser. I strongly recommend that iOS (iPhone and iPad) and Android users use the MobLab app downloadable from the device's app store. Trust me, the app is so much better for playing on handheld devices! In order to receive full credit, you must attend class and actively participate (meaning complete) the game.

Below are the tentative dates and games (I will let you know if they change!)

1. Production, Entry, and Exit (Chapter 6)
 - a. Feb. 11th
2. Markets for Lemons (Chapter 9)
 - a. Mar. 11th
3. Cournot (Chapter 11)
 - a. Mar. 25th
4. Commons: Fishery with Quota (Chapter 14)
 - a. April 15th
5. Insurance Market (Chapter 18)
 - a. April 27th

While the entire class will be discussion friendly (meaning feel free to interrupt with your own thoughts or questions at any time!), there will be a few times during the semester that we will have *specific* slots dedicated for general discussion. They will be usually surrounding a video, podcast, or article that I will assign ahead of time. You will be graded based on your participation during these allocated times (5 discussions worth 10 points each). Below are the tentative dates and topics (I will let you know if they change!)

1. Trade: International and Immigration (Chapter 2) (Jan. 19th)
Watch the following videos and be ready to discuss:

- a. [Development and Trade: Empirical Evidence](#)
 - b. [Arguments Against International Trade](#)
 - c. [Economics of Immigration](#)
2. Firm Behavior: The Good and Bad of “Big Business” (Chapter 5) (Feb. 5th)
Listen to the podcast by Cowen and the article by Stapp:
 - a. [EconTalk with Tyler Cowen on “Big Business”](#)
 - b. [Big Business and Fascism](#)
3. Capitalism & Competition (Chapter 7) (Feb. 23rd)
Listen to the debate and read the short Q&A:
 - a. [Krugman and McCloskey on Capitalism & COVID](#)
 - i. Note: it will not let you watch past the 12-minute mark. That is okay!
Only need to watch until there
 - b. [McCloskey on capitalism, libertarianism, and the Great Enrichment](#)
 - c. [Can Capitalism Save Lives?](#)
4. On Externalities (Chapter 13) (Apr. 8th)
Read the following articles on externalities and be prepared to discuss:
 - a. [Carden & Horwitz on Market & Government Failure](#)
 - b. [Do Externalities matter for Economic Analysis at all?](#)
 - c. [Is Schooling a Public Good?](#)
5. Education-- Signaling, or Skill Building? (Chapter 15) (Apr. 22nd)
Watch the EconDuel, read the article, and watch the video and prepare to discuss:
 - a. [EconDuel: Is Education Signaling or Skill Building?](#)
 - b. [Schooling, Income, and Reverse Causation](#)
 - c. [Economics of Education](#)

You will notice that while there are 275 points total to be earned here, only 200 goes towards your final grade. The other 75 points are available for bonus!

Grading Scale:

- A: 900 or more points
- B: 800-899 points
- C: 700-799 points
- D: 600-699 points
- F: 599 or less

I reserve the right to round up if you are “close” to the next letter grade. This will be based on participation during class sessions.

Course Schedule:

(Note: This schedule is tentative, but I will let you know as far in advance as possible if anything changes)

Week 1 (January 11-15): Introduction, S&D

Tuesday (Jan. 12th): Introduction to the Class, “The Big Ideas” of Economics, PT 1.1

Thursday (Jan. 14th): PT 1.2-1.3; [Prices Matter](#); [An Intro to Price Theory](#)

Week 2 (January 18-22): Costs & Consumers

Tuesday (Jan. 19th): PT 2.1-2.2, [Everything Has a Price](#); Discussion 1 (Trade: International & Immigration)

Thursday (Jan. 21st): PT 3.1-3.3

Week 3 (January 25-29): Consumers in the Marketplace

Tuesday (Jan. 26th): PT 4.1-4.2

Thursday (Jan. 28th): PT 4.3-4.4

Decide about taking Problem Set #1 (Chapters 1-4) by January 28th; Due Feb. 4th

Week 4 (February 1-5): Firm Behavior

Tuesday (Feb. 2nd): PT 5.1-5.2

Thursday (Feb. 4th): PT 5.2, Discussion 2 (The Good and Big of “Big Business”)

Week 5 (February 8-12): Production and Costs

Tuesday (Feb. 9th): PT 6.1-6.2; Alchian, Armen. “[Uncertainty, Evolution, and Economic Theory](#)” Journal of Political Economy, June 1950.; [Why Do Firms Exist?](#)

Thursday (Feb. 11th): PT 6.3; MobLab 1 (Production, Entry, & Exit)

Week 6 (February 15-19): Competition

Tuesday (Feb. 16th): PT 7.1-7.3

Thursday (Feb. 18th): PT 7.4-7.5; Hayek, F.A. (1948). [The Meaning of Competition](#); [Hayek on Competition and Discovery](#); [Common Misconceptions about Competition](#)

Week 7 (February 22-26): Competition and Welfare Economics

Tuesday (Feb. 23rd): PT 7.6-7.7; [Competitive Markets as a Benchmark](#); Discussion 3 (Capitalism & Competition)

Decide about taking Problem Set #2 (Chapters 5-7) by February 23rd; Due Mar. 2nd

Thursday (Feb. 25th): PT 8.1-8.3; [The Political Economy of Tariffs](#)

Week 8 (March 1-5): Exam 1

Tuesday (Mar. 2nd): Exam 1 Review

Thursday (Mar. 4th): Exam 1 (Chapters 1-8)

Week 9 (March 8-12): Knowledge and Information

Tuesday (Mar. 9th): PT 9.1-9.3; Akerloff “[Markets for Lemons](#)”; Two Videos on Markets for Lemons ([1](#), [2](#)); Hayek, Friedrich, “[The Use of Knowledge in Society.](#)” American Economic Review 35; 1961: 519-30.

Thursday (Mar. 11th): MobLab 2 (Markets for Lemons)

Week 10 (March 15-19): Monopoly

Tuesday (Mar. 16th): PT 10.1-10.2; [Is Amazon a Monopoly?](#); [Regulating Monopolies](#)

Thursday (Mar. 18th): PT 10.3; [Thanks, Google!](#); [When Caution Kills](#); [Monopolies Don’t Make ENOUGH Money??](#)

Decide about taking Problem Set #3 (Chapter 9-10) by March 18th; Due March 25th

Week 11 (March 22-26): Market Power, Collusion, and Oligopoly

Tuesday (Mar. 23rd): PT 11.1-11.2; [Economics of the Drug War](#)

Thursday (Mar. 25th): 11.3-11.5; MobLab 3 (Cournot)

Week 12 (HOLY WEEK): March 29th-April 2nd (NO CLASS)**Week 13 (April 5-9): External Costs and Benefits**

Tuesday (Apr. 6th): PT 13.1-13.2; Ryan, M. 2013. “[Allocating Infection: The Political Economy of the Swine Flu Vaccine](#)”; [Hidden Costs of Pollution](#)

Thursday (Apr. 8th): PT 13.3-13.4; Discussion 4 (On Externalities)

Week 14 (April 12-16): Public Goods

Tuesday (Apr. 13th): PT 14.1-14.2; [Public Goods & Asteroids](#); [Club Goods](#)

Thursday (Apr. 15th): [A Deeper Look at Public Goods](#); MobLab 4 (Commons: Fishery with Quotas)

Decide about taking Problem Set #4 (Chapter 11, 13-14) by April 15th; Due April 22nd

Week 15 (April 19-23): Demand for Factors of Production

Tuesday (Apr. 20th): PT 15.1-15.2; [Tradeoff Between Fun & Wages](#); [Do Unions Raise Wages?](#)

Thursday (Apr. 22nd): PT 15.3-15.4; Discussion 5 (Education—Signaling or Skill Building?)

Week 16 (April 26-30): Risk and Uncertainty (The Entrepreneur)

Tuesday (Apr. 27th): PT 18.1-18.3; [Kirzner on Entrepreneurs](#); MobLab 5 (Insurance Market)

Thursday (Apr. 29th): PT 18.4-18.5; [How Expert are Stock Pickers?](#); [Can you Beat the Market? Diversity and Investment](#); [Who is More Rational—you or the market?](#);

Decide about taking Problem Set #5 (Chapter 15, 18) by April 29th; Due May 4th

Week 16 (May 3-7): Exam 2

Tuesday (May 4th): Exam Review

Thursday (May 6th): Exam 2 (Chapters 9-11, 13-16, 18)

Week 17 (May 10-14): Finals Review

Tuesday (May 11th): Final Exam Review

Thursday (May 13th): Final Exam Review

Week 18 (May 17-21): Finals Week