

CH-310-A Microeconomics - Theory and Policy
Fall Semester 2021
Syllabus

Professor Colin Vance

The study of economics concerns itself with how individuals and societies allocate scarce resources and the associated implications for efficiency, equity, and human welfare. This course introduces the field of microeconomics, focusing specifically on the role of markets in facilitating exchange between the individual households, firms, and government institutions that make up the economy. Topics addressed include consumer theory, the behavior of firms, competition, and monopoly. The course applies the theoretical concepts covered to contemporary policy questions, such as when government intervention is justified to correct market imperfections.

This course has four main learning objectives:

- Understand the basics of consumer and producer behavior, and how interactions between consumers and producers give rise to market outcomes that have implications for welfare.
- Identify the key features that distinguish *perfectly competitive* markets from *non-competitive* markets as well as the sources of *market failure*.
- Recognize that economics is a social science that seeks to answer both *positive* and *normative* questions.
- Learn to use economic concepts to critically assess the case for government policies that affect the functioning of markets.

Lectures and readings will draw primarily from the textbook Microeconomics (5th Edition, 2018) by Paul Krugman and Robin Wells, which is on reserve in the library. Four other texts have also been uploaded to CampusNet that students are expected to read. At least three of these readings will be covered on the exam as bonus questions worth one point each. This means that if you receive a raw score of 84 and get all three bonus questions correct, your score will be 87.

Hayek, F. A. (1945). The use of knowledge in society. *American Economic Review*, 35(4), 519-530.

King, Martin Luther, Jr. (1963) "Letter from a Birmingham jail"

Lamoreaux, N.R., 2019. The problem of bigness: From Standard Oil to Google. *Journal of Economic Perspectives*, 33(3), pp.94-117.

Thaler, R. H. (2016). Behavioral economics: Past, present, and future. *American Economic Review*, 106(7), 1577-1600.

The instructor will regularly announce the required readings in class according to the pace of the lectures. In addition, other short readings may be assigned from the press and scholarly outlets during the course of the semester. Following the organization of the textbook, the sequence of topics to be covered in the lectures is:

1. Economic models: overview
2. Trade-offs and opportunity cost
3. The fundamentals of supply and demand
4. Measuring welfare: Consumer and producer surplus
5. Market interventions: Price controls and quotas
6. International trade and comparative advantage
7. The economics of taxation
8. Rationality and decision-making
9. Inputs and costs in production
10. Perfect competition
11. Monopoly
12. Oligopoly
13. Monopolistic competition

Mastering the discipline of economics requires active learning and thinking through problems. Problem sets will therefore be posted on the Teams class site on a regular basis and the solutions will be discussed during the tutorial (CH-310-B Microeconomics Tutorial) that accompanies this class. The tutorial will also serve to reinforce material addressed in class and provide an opportunity for students to discuss questions. Students are encouraged to work through these problems prior to the tutorial but they are not expected to turn them in. Hint: An excellent way to prepare for the exam is to work through the problem sets.

Starting about mid-way through the semester, time will be allocated in the tutorial for a debate between two teams of students. The debate is voluntary. Those who sign up and perform satisfactorily will receive bonus points on their final exam. The topics to be debated will cover a range of themes, from the case for drug legalization to markets for human organs. A listing of topics will be posted on the Teams class site. Students who sign up for the debate

will be randomly allocated to a debate topic and a debate team comprising, ideally, two to four other students (more or fewer may be required depending on demand). The teams will also be randomly assigned a position – yay or nay – on the question at hand. Hence, the team members will defend this position irrespective of their own opinion. The debate format will consist of a roughly five-minute oral presentation stating the team's case, followed by an open floor discussion with the class in which questions are posed to both teams. If you participate in the debate, you will receive 3 bonus points on the exam (e.g. if your score is 87, debate participation will bump it up to 90). The deadline for signing up is October 4, 2021. Again, signing up is *voluntary*. Further details of the debate format will be discussed in class and posted on the Teams class site.

The grade for the class will be based on the score earned on a final exam given at the end of the semester. Upwards of 6 bonus points can be earned (3 from correctly answering the bonus questions and 3 from participating in the debate).

Office hours: I will usually be in my office from 12:30pm until 2:15pm on Mondays. If you'd like to stop by, I would encourage you to let me know beforehand. I am also happy to schedule an alternative time any day of the week for meeting or an alternative medium, like Teams or Skype. Feel free to approach me in class or send me an email if you'd like to set up a meeting.