

ECON101 Principles of Microeconomics
University of Richmond
Fall 2023

Dr. Erik D. Craft
Email: ecraft@richmond.edu
RSB Q275
Cell phone:
Office Hours: Tuesday 1:30 – 3pm in RSB Q275
Thursday 11:30 – 12:30 in Heilman Dining Center
(west end of room, left as you enter and sit)

SYLLABUS

Content: This course introduces students to microeconomics, also known as price theory. The payoff to learning microeconomics is added insight to our understanding of individual, organizational, and market behavior. Aggregate economic topics such as employment, inflation, growth, and interest rates are the subject matter of macroeconomic theory. The focus in this course is to develop the economic way of thinking. The economic way of thinking helps us understand why people act the way they do, how we can individually make more efficient choices, how firms make and could better make business decisions, and how we can evaluate different government policies from the perspective of efficiency.

By the end of the course, students should have the ability to:

- 1) Recognize the presence of economic scarcity and the immediate implication that all choices require giving up other opportunities.
- 2) Identify opportunity costs of any choice and apply opportunity costs to the theory of comparative advantage.
- 3) Use supply and demand diagrams to predict changes in equilibrium price and quantity.
- 4) Understand the information that elasticities convey and how slopes of demand and supply curves affect who bears the actual burden of a tax and social inefficiency of a tax.
- 5) Apply the concepts of consumer surplus and producer surplus to identify allocative inefficiency due to price controls, taxes, externalities, information asymmetries, and market power, as well as to identify potential solutions.
- 6) Explain why perfectly competitive markets achieve allocative, production, and consumption efficiency.
- 7) Describe recent trends in general income inequality and mortality inequality by group and geographical location. Identify basic determinants of economic mobility. Explain how Chetty showed causation, not just correlation, with respect to the effect of community on economic mobility.

Field of Studies: Economics 101 satisfies the field of studies social analysis requirement because the course systematically studies the behavior of consumers and firms as they interact through markets.

This course fulfills the following objectives as part of the Economics Department's learning goals:

Learning Goal 1: Our graduates will be able to analyze and think critically to solve complex economic problems.

O1.1 Students will produce solutions to economic problems using appropriate quantitative and qualitative techniques.

O1.2 Students will identify core issues, and evaluate and apply evidence in support of a coherent position or recommendation.

Learning Goal 4: Our graduates will demonstrate economic knowledge.

O4.1 Students will demonstrate an understanding of economic theory and practical applications.

Evaluation: The weights of your final grade will be as follows:

- 10% Daily Quizzes (Four multiple choice questions: **lowest five scores will be dropped, so there are no makeups**; if you miss class due to a required university event, religious holiday, covid issues, or funeral, and notify me in advance, I shall drop additional daily quiz scores. These are closed book.)
- 10% Seven Problem Sets (You may work in groups of up to four persons, but you must submit your own answers, not identical problem sets. Deliver these in person to class.)
- 30% MyLab Online Chapter Quizzes (**I shall drop your lowest percentage score. You work alone. The quizzes are open book, but you will have limited time, so you cannot expect to look up many answers. With the exception of technical problems at UR or MyLab, missing the due date means a 25% reduction in your quiz score.**)
- 12.5% Midterm Examination # 1
- 12.5% Midterm Examination # 2
- 25% Cumulative Final Examination

(Exams are about 60% multiple choice and 40% essay questions)

The cutoff point for a B- is 80, for a B 83, and for a B+ 86. Similar breaks exist for the other letter grades.

You will receive a zero for missing an examination unless you have a medically-certified illness, death in the family, or university-sponsored activity (includes observance of religious holidays) and you communicate with me in advance of the exam. In cases where you have a valid reason for missing an examination, I reserve the right to weight your problem sets, online exercises, and other exams higher in calculating your final grade in place of taking a make-up examination. Since the development of an effective writing style is one goal of your education, I reserve the right to reward unusually articulate prose and to penalize answers whose sentences do not parse or are otherwise grammatically incorrect.

How to Study for this Course: To earn an A in this course, you should devote 10 – 14 hours per week, attending class, reviewing class activities, reading, watching online videos, studying, and completing assignments. Pedagogical research shows that repeated active participation with concepts increases retention. So I suggest the following routine. After each class, sometime later that day, review the key ideas or steps in problems solved in class. Next, read the assigned material for the next class. Then watch the assigned video lectures once, taking notes of the key ideas. As you prepare for upcoming exams, your top priority should be understanding any mistakes on MyLab quizzes and understanding how to solve all problem set and daily class problems. You should not spend much time rewatching online lectures, which is a passive exercise. You are accountable for announcements I make during class and on Blackboard regarding assignment due dates.

Recall that our sections have the theme inequality and economic mobility. While the course is organized to cover the standard topics in microeconomics, we will repeatedly return briefly to these concepts and spend a bit over a week on them at the end of the semester. I expect that no matter whether you have conservative or progressive beliefs, you will be exposed to new and different perspectives. For example, I shall repeatedly share alternative explanations to different outcomes between genders or ethnic groups that are not based on discrimination. But I shall also argue that even in a world with no contemporary racism (not there yet), the heavy hand of past discrimination will continue to reduce opportunities for members of disadvantaged groups for generations.

I shall have an outline of each upcoming week's material on Blackboard. Online lectures, additional readings, daily quizzes, problem sets, and review material will be found in Blackboard. Chapter quizzes will be found in MyLab. As often as is feasible, I shall seek to find interesting and up-to-date examples to illustrate the ideas we are studying. I shall try to add variety to the course. I shall provide you with a review sheet of important concepts and practice multiple choice questions before each exam.

I expect you to complete the assigned material by the beginning of class. Please use the restroom before class, so that you do not have to leave your seat during class. Please shut off your computer, phone, or iPad after our daily quiz. If class is cancelled for any reason, we likely will make it up by lengthening our fifty-minute class twice to seventy-five minutes during the normally scheduled seventy-five minute period.

Honor Code: All students are expected to abide by the University Honor Statute. Some courses might include group work and consultations with Writing or Speech Consultants and/or peer editors—such collaboration, of course, does not violate the University Honor Statute, which prohibits *unauthorized* assistance in the completion of a given assignment. All students are expected to understand and avoid plagiarism and all other forms of academic dishonesty.

During class, the use of cell phones or computers for any activity other than those directly related to our course is prohibited. Please use the restroom before or after class.

Religious Observance Policy: Students needing to miss class because of religious observance should contact me in advance to discuss the absence. The University's full religious observance policy may be found here: (<http://registrar.richmond.edu/services/policies/religiousobsv.html>).

Text: *Microeconomics* by Hubbard and O'Brien (eighth edition)
MyLab online software package

Important Dates:	Introductory MyLab Exercise Due	August 25
	Midterm Examination # 1	September 19
	Midterm Examination # 2	October 24
	Final (cumulative)	
	Noon section (10120)	December 8, 9am to noon
	1:30pm section (10121)	December 6, 9am to noon
	9am section (10125)	December 9, 9am to noon

No final examinations will be given outside the examination periods without the permission of the Dean.

Supplementary Readings (found in Blackboard):

- Case, Anne and Angus Deaton. Introduction and Chapters One through Three in *Deaths of Despair and the Future of Capitalism*. Princeton University Press 2020.
- Craft, Erik. “How an Economist Thinks about Economic Policy.” *Richmond Times Dispatch*. August 31, 2020.
- Crane, Christopher and Ted Halstead. “How to Cut Emissions Without Wrecking the Economy” *Wall Street Journal*. September 23, 2019.
- Demsas, Jerusalem. “The Obvious Answer to Homelessness: And Why Everyone’s Ignoring It.” *The Atlantic*. January/February 2023.
- Dougherty, Connor. “Every Problem in America Is a Housing Problem.” *New York Times*. February 16, 2020.
- Finch, Brian. “Washington Commuters Ask: For Whom Does the E-Z Pass Toll?” *Wall Street Journal*. December 16, 2017.
- Goldin, Claudia. Chapters One and Eight in *Career and Family: Women’s Century-Long Journey Toward Equity*. Princeton University Press 2021.
- Heyne, Paul. “Moral Criticisms of Markets.” *The Senior Economist*. Volume 10, No. 4, April 1995.**
- Lee, Jinjoo. “Americans Should Pay More for Gas, Not Less.” *Wall Street Journal*. January 21, 2022.
- Mounk, Yaskha. “The Great American Eye-Exam Scam.” *The Atlantic*. May 24, 2021.
- Opportunity Insights. “The Association Between Income and Life Expectancy in the United States, 2001-14.” https://opportunityinsights.org/wp-content/uploads/2018/03/healthineq_summary.pdf.
- Opportunity Insights. Spring 2020 Module Prereading from Raj Chetty’s Harvard Course “Using Big Data to Solve Economic and Social Problems.”
- Stevenson, Betsey and Justin Wolfers. “Inequality, Social Insurance, and Redistribution” in *Principles of Microeconomics*. Worth Publishers 2023.

CHAPTER COVERED**TEXT AND READINGS**

Economics: Foundations and Models	Chapter 1
Trade-offs, Comparative Advantage, and the Market System	Chapter 2
Where Price Comes From: The Interaction of Demand and Supply	Chapter 3 Goldin’s <i>Career and Family</i>
Elasticity: The Responsiveness of Demand and Supply http://www.mruniversity.com/courses/principles-economics-microeconomics/elasticity-examples-applications	Chapter 6
Economic Efficiency, Government Price Setting, and Taxes	Chapter 4 Bade and Parkin’s Allocation Methods and Efficiency” Heyne’s “Moral Criticisms of Markets” Dougherty’s “Every Problem is a Housing Problem” Demsas’ “Obvious Answer to Homelessness” https://www.mruniversity.com/courses/development-economics/rent-control-mumbai-india-0?utm_source=Economics+Is+Everywhere&utm_campaign=31582b31b5-MRUemail_rent-control-mumbai&utm_medium=email&utm_term=0_f6dfaaf6a-31582b31b5-103918797

Public Choice, Taxes, and the Distribution of Income	Chapter 17 (pages 570-82)
Externalities, Environmental Policy, and Public Goods	Chapter 5 Finch's "Washington Commuters" Lee "Americans Should Pay More" Crane and Halstead's "How to Cut Emissions"
	http://www.mruniversity.com/courses/principles-economics-microeconomics/clean-air-act-pollution-control
	http://www.mruniversity.com/courses/principles-economics-microeconomics/deeper-look-tradeable-allowances
	http://www.mruniversity.com/courses/principles-economics-microeconomics/public-goods-example-asteroid-defense
Economics of Health Care	Chapter 7 Case and Deaton's <i>Deaths of Despair</i> Opportunity Insights "Association Between Income and Life Expectancy"
Technology, Production, and Costs	Chapter 11
Firms in Perfectly Competitive Markets	Chapter 12 Frank and Bernanke handout
Monopoly and Antitrust Policy	Chapter 15 (except section 15.6) Chapter 17 (pages 568-69 on Rent Seeking) Mounk's "Great American Eye-Exam Scam"
Monopolistic Competition	Chapter 13 (except sections 13.5 and 13.6)
Inequality, Social Insurance, and Redistribution	Stevenson and Wolfers Chapter Thirteen
Economic Mobility in Opportunity Insights	Selection from Chetty's Opportunity Insights
Review	Craft's "How an Economist Thinks about Economic Policy"
	https://www.mruniversity.com/courses/everyday-economics/gift-giving-economists-christmas

If you experience difficulties in this course, do not hesitate to consult with me. There are also other resources that can support you in your efforts to meet course requirements.

Academic Skills Center (asc.richmond.edu): Academic coaches assist students in assessing and developing their academic and life-skills (e.g., critical reading and thinking, information conceptualization, concentration, test preparation, time management, stress management, etc.). Peer tutors offer assistance in specific subject areas (e.g., calculus, chemistry, accounting, etc.) and will be available for appointments in-person and virtually. Peer tutors are listed on the ASC website. **Email** [Roger Mancastroppa \(rmancast@richmond.edu\)](mailto:rmancast@richmond.edu) and [Hope Walton \(hw Walton@richmond.edu\)](mailto:hw Walton@richmond.edu) **for coaching appointments in academic and life skills.**

Boatwright Library Research Librarians: (library.richmond.edu/help/ask/ or 289-8876): Research librarians help students with all steps of their research, from identifying or narrowing a topic, to locating, accessing, evaluating, and citing information resources. Librarians support students in their classes across the curriculum and provide individual appointments, class library instruction, tutorials, and [research guides](http://libguides.richmond.edu) (libguides.richmond.edu). Students can [contact an individual librarian](http://library.richmond.edu/help/liaison-librarians.html) (library.richmond.edu/help/liaison-librarians.html) or ASK a librarian for help via email (library@richmond.edu), text (804-277-9ASK), or [chat](http://library.richmond.edu/chat.html) (library.richmond.edu/chat.html).

Career Services: (careerservices.richmond.edu or 289-8547): Can assist you in exploring your interests and abilities, choosing a major or course of study, connecting with internships and jobs, and investigating graduate and professional school options. We encourage you to schedule an appointment with a career advisor early in your time at UR.

Counseling and Psychological Services: (caps.richmond.edu or 289-8119): Assists currently enrolled, full-time, degree-seeking students in improving their mental health and well-being, and in handling challenges that may impede their growth and development. Services include brief consultations, short-term counseling, skills-building classes, therapy groups, crisis intervention, psychiatric consultation, and related services.

Disability Services: (disability.richmond.edu): The Office of Disability Services works to ensure that qualified students with a disability (whether incoming or current) are provided with reasonable accommodations that enable students to participate fully in activities, programs, services and benefits provided to all students. Please let your professors know as soon as possible if you have an accommodation that requires academic coordination and planning.

Speech Center: (speech.richmond.edu or 287-6409): Assists with preparation and practice in the pursuit of excellence in public expression. Recording, playback, coaching and critique sessions are offered by teams of trained student consultants. During scheduled [appointments](#), consultants assist in developing ideas, arranging key points for more effective organization, improving style and delivery, and handling multimedia aids for individual and group presentations. We look forward to meeting your public speaking needs.

Writing Center (writing.richmond.edu or 289-8263): Assists writers at all levels of experience, across all majors. Students can schedule appointments with trained writing consultants who offer friendly critiques of written work.