

# Economics 101

## Principles of Microeconomics

### Fall, 2008

Instructor: Joseph Guse  
Office: HH114, 463-8915  
Email: gusej@wlu.edu  
Course website: [home.wlu.edu/~gusej/econ101](http://home.wlu.edu/~gusej/econ101)  
Office Hours: 10-12, MW; 1-3, Th; by appointment.  
Time and Location: Huntley Hall 327, 9:05 - 10, MWF

### COURSE DESCRIPTION

Course Description Microeconomics is the study of individual economic agents such as households and firms. This course will tell a story about how these agents come together in markets and the role these markets play in the economy. We will begin by learning about consumer preferences and production - the underpinnings of demand and supply. We will ask how demand and supply come together under ideal circumstances to determine prices in a competitive market. We will look at how some types of government policies might change market outcomes. Finally we will learn about some of the shortcomings of markets. By the end of this course, you should

- have some familiarity with the standard model of household decision making and what lies behind a market demand curve,
- understand how economist think about the profit maximizing behaviour of firms and what lies behind a market supply curve,
- be familiar with the market conditions necessary for competitive markets to efficiently produce and allocate output,
- understand the efficiency and distributional implications of government policies such as taxes and price controls, and
- understand why markets almost always “fail” at least to some degree and when government intervention may be able to address these failures.

### READINGS

- **Primary.** Michael Parkin, *Microeconomics*, 8<sup>th</sup> edition. If you have a slightly older edition, you’ll be fine.
- **Secondary.** *The Economists’ Voice*, Berkeley Electronic Press, <http://www.bepress.com/ev/>. This a journal with non-technical essays written by top economists on policy issues. I will assign specific essays to read throughtout the term from this journal as well as occasional newspaper articles.

### GRADING

Grades will be based on problem sets (10%), essay responses (10%), quizzes (10%), a midterm exam (30%), a final exam (40%).

- **Problem Sets (10%).** You are encouraged to form study groups and work together on the problem sets. However each student must turn in their own write-up. Homeworks will be graded for effort and completion - not necessarily accuracy. You will be responsible for checking the accuracy of your analysis against the answer keys.

- Essay Responses (10%). One page responses to articles from the *Economists' Voice*. Your response should briefly describe the issue or question being addressed, identify the author's main thesis, and summarize the arguments or evidence presented to support it. In other words, what is it about? what is the point? how does the author try to convince us?
- Quizzes (10%). I will occasionally give short unannounced in-class quizzes based on the day's reading or previous lectures. There will be no opportunity to "make-up" a missed quiz - no matter how good your excuse is. However, I will drop your worst quiz score from my grade tally.
- Exams (70%). Exams will be based on the readings, lectures and homeworks. The midterm will be given in class on Monday October 13 after the reading period. The final exam will be administered through the Williams School during exam week.

### TOPICS AND READINGS

The following is a tentative list of topics we will do our best to cover in lecture.

Topic	Readings
I. Introduction.	
a) What is Economics.	Parkin, Ch 1
b) The Economic Problem	Parkin, Chapter 2 <i>EV</i> , "Do Economists Agree on Anything? Yes!"
II. An Initial Look at Markets	
a) Equilibrium and Shifters	Parkin, Ch 3
b) Elasticity	Parkin Ch 4 Newspaper Articles on Gas Prices
III. Demand and Supply in Depth	
a) Budget Lines & Preferences	Parkin, Ch 8
b) Deriving a Demand Curve	Parkin, Ch 8 <i>EV</i> , "Economics of Capital Punishment"
c) Output and Cost	Parkin, Ch 10
d) Perfect Competition	Parkin, Ch 11
IV. Applications	
a) Efficiency and Equity	Parkin, Ch 5
b) Markets in Action	Parkin, Ch 6 <i>EV</i> , "Curing Spam"
c) International Trade	Parkin, Ch 20
d) Externalities	Parkin, Ch 15 <i>EV</i> , "A New Agenda for Global Warming"
e) Public Goods	Parkin, Ch 16 <i>EV</i> , "Should the Government Rebuild New Orleans or Just Give Residents Checks?"
V. Factor Markets	
a) Labor	Parkin Ch 17 <i>EV</i> , "The Gender Pay Gap"
b) Capital	Parkin, Ch 17
c) Inequality	Parkin, Ch 18 <i>EV</i> "Garrison America"

---

*EV* = *Economists' Voice*, BE press.