

# ECON 103-005: Contemporary Microeconomic Principles (Spring 2021)

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## I. Overview

### Course Description

#### Instructor

Gregory W. Caskey

#### Location/Time

Tuesday & Thursday  
(12:00-1:15 PM)  
Nguyen Engineering  
Building, Room 1108

#### Email<sup>1</sup>

[gcaskey@gmu.edu](mailto:gcaskey@gmu.edu)

#### Office Location

James Buchanan Hall,  
PPE, 1A1

#### Office Hours (Zoom)

By appointment via email

The objective of this course is to provide students a firm grasp of the analytical toolkit used by economists to think about the world. We'll accomplish this by exploring the mechanisms by which the market process coordinates the disparate (and often conflicting) plans of billions of individuals around the world. In this manner, the title of Adam Smith's 1776 treatise remains central to what modern economics is all about: *An Inquiry into the Nature and Causes of the Wealth of Nations*. That is, what are the causes of economic growth? What gets in the way of economic growth? How do prices coordinate economic activity? Of these questions, one economist pointed out, "It is not the origins of poverty which need to be explained, since the human species began in poverty. What requires explaining are the things that created and sustained higher standards of living".

The course of our investigation will go roughly as follows: To begin the semester, we'll start with the nuts and bolts of economic analysis (e.g. the economic way of thinking, the role of prices, supply and demand analysis, comparative and absolute advantage, elasticity of demand, etc.). We'll then investigate the behavior of firms, including analysis of firm behavior given different market structures (e.g. production decisions, entry/exit, market power, economies of scale, price discrimination, etc.).

Throughout the course, we'll be applying the logic and reasoning of economics to government decision-making (e.g. public goods, voting, rational ignorance, special interests, etc.), emphasizing the approach of "Politics without Romance". The goal is that, through the application of these tools, students will more effectively be able to interpret the world around them.

Especially as of late, basic economic logic (for example, "there are mutually beneficial gains from trade") have been challenged by figures from across the political spectrum (and across the globe, as well).

Despite this, economists are in nearly uniform agreement on topics such as, for example, the large benefits of free trade. In this manner, this course is intended to help students apply economic logic in making sound judgments on policy issues and more. Learning outcomes will be demonstrated through quizzes, exams, and classroom discussion/participation.

### Required Texts<sup>2</sup>

- *Modern Principles: Microeconomics* (4<sup>th</sup> edition), Tyler Cowen & Alex Tabarrok
- *The Armchair Economist*, Steven Landsburg
- *Open Borders*, Bryan Caplan & Zach Weinersmith

### Additional Reading Assignments

- Additional readings, podcasts, and video links will be available on the **Course Reading Schedule**, a Google Doc which will be made available to you upon the start of class.
- Make sure to pay attention to the Course Reading Schedule. If you are not in class, it is your responsibility to stay up to date with readings, lecture slides, and general course announcements.

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<sup>1</sup> Students must use their MasonLive email account to receive important University information, including communications related to this class.

<sup>2</sup> Buy textbooks online through your preferred vendor. For the Cowen/Tabarrok textbook, the e-book edition is fine, and Sapling Plus is not required.

## Important Dates

Item	Date
Last days to drop	Friday, February 12 <sup>th</sup> (for full refund) Tuesday, February 16 <sup>th</sup> (for half refund)
Midterm #1	Thursday, March 4 <sup>th</sup>
Midterm #2	Thursday, April 8 <sup>th</sup>
Final Exam	Thursday, May 6 <sup>th</sup> (10:30 AM – 1:15 PM)

## II. Grading & Coursework

Grading Scale (%)					
A+	100-97	B	86-83	C-	72-70
A	96-93	B-	82-80	D	69-60
A-	92-90	C+	79-77	F	59-0
B+	89-87	C	76-73		

Grading Categories/Weights (As % of Final Grade)	
Category	Percentage
Quizzes	20%
Midterm #1	20%
Midterm #2	20%
Final Exam	30%
Participation	10%

Your course grade will be comprised of weekly quizzes, two midterms, a final exam, and class discussion/participation. Each category is weighted as shown in the above right table.

- **Quizzes:** Quizzes will be taken at the beginning of each Tuesday's class meeting. You'll be given 10 minutes to complete each quiz. The quizzes will encompass three questions from the assigned readings for that class period according to course reading schedule, which will be available on Blackboard.
  - **No late quizzes will be administered, so if you are late to class, you will not receive the quiz.**
  - Your lowest quiz score will be dropped and not counted in your final grade.
  - In addition to incentivizing you to keep up with the readings (and show up for class), these quizzes will give you a chance to see the type of questions that may show up on the midterms.
  - Quizzes cannot be made up but can be exempted from if you have an excuse from the school or health office.
  - **Note:** In the event that all courses are moved online due to Covid-19, weekly quizzes may be supplemented or replaced with 300-word weekly reading summary responses. More information will be provided as necessary.
- **Participation:** I expect active participation in class. Each class period will involve a discussion of the readings amidst that day's lecture material. To earn high marks, you should strive to be actively engaged in class discussions. This entails making a reasonable number of high quality contributions during discussion, commenting on the thoughts raised by your classmates, as well as posing questions based upon the readings to prompt further discussion.
- **Midterms:** Both midterms will be taken in class. Midterm #1 and #2 are each worth 20% of your final grade. The midterms will cover an assigned range of material from the readings, class lectures, and discussions. You will have the full class time to complete the exam.
- **Final Exam:** The final exam will be cumulative in nature, and is worth 30% of your final grade.

### III. Course Schedule

**Note:** Due to potential changes to the course structure (e.g. being switched to 100% virtual due to Covid-19), the course schedule is tentative. That said, I will limit changes as much as possible!

- General topics are provided below. For the specific readings each for each week, see the course reading schedule, a Google Doc which I'll keep on Blackboard. Any changes will be announced in class and you will be notified by email.

Class Meeting	Subject
<b>Week 1:</b>  Tuesday, January 26 <sup>th</sup>  Thursday, January 28 <sup>th</sup>	<b>Introduction &amp; Why Economics?</b> <ul style="list-style-type: none"> <li>• Course Overview &amp; Introduction</li> <li>• Thinking Like an Economist: Incentives, Tradeoffs, and Thinking at the Margin</li> <li>• Economic Growth &amp; Institutions</li> <li>• Exchange &amp; Property Rights</li> <li>• Comparative Advantage, Specialization, and the Division of Labor</li> <li>• Production Possibilities Frontier</li> </ul>
<b>Week 2:</b>  Tuesday, February 2 <sup>nd</sup>  Thursday, February 4 <sup>th</sup>	<b>Supply &amp; Demand, Equilibrium, and Elasticity</b> <ul style="list-style-type: none"> <li>• Supply and Demand analysis</li> <li>• Consumer Surplus &amp; Producer Surplus</li> <li>• Equilibrium and the Adjustment Process</li> <li>• Elasticity of Demand and Supply</li> <li>• Applications of Elasticity</li> </ul>
<b>Week 3:</b>  Tuesday, February 9 <sup>th</sup>  Thursday, February 11 <sup>th</sup>	<b>The Price System and the Market Process</b> <ul style="list-style-type: none"> <li>• Price Theory and Economic Coordination</li> <li>• Market Process: The Three P's and Three I's</li> <li>• Prediction Markets</li> <li>• Price Controls: Price Ceilings &amp; Price Floors</li> <li>• Permissionless Innovation</li> </ul>
<b>Week 4:</b>  Tuesday, February 16 <sup>th</sup>  Thursday, February 18 <sup>th</sup>	<b>Government &amp; Political Economy I</b> <ul style="list-style-type: none"> <li>• Public Choice: The Economic Analysis of Government</li> <li>• "Politics without Romance" &amp; Behavioral Symmetry</li> <li>• Rational Ignorance</li> <li>• Concentrated Benefits, Diffuse Costs</li> <li>• International Trade &amp; Protectionism</li> <li>• Arguments for/against free trade</li> </ul>
<b>Week 5:</b>  Tuesday, February 23 <sup>rd</sup>  Thursday, February 25 <sup>th</sup>	<b>Government &amp; Political Economy II</b> <ul style="list-style-type: none"> <li>• Tax Incidence: Who Pays the Tax?</li> <li>• Taxes and Deadweight Loss</li> <li>• Externalities: Costs and Benefits</li> <li>• Public Goods &amp; Collective Action</li> <li>• Tragedy of the Commons</li> <li>• Private and Public Solutions to Externalities</li> </ul>

<b>Week 6:</b>  Tuesday, March 2 <sup>nd</sup>	<b>Economics, Ethics, and Public Policy</b> <ul style="list-style-type: none"> <li>• Economics, Ethics, and Public Policy</li> <li>• Midterm #1 Review</li> </ul>
<b>Midterm #1: Thursday, March 4<sup>th</sup></b>	
<b>Week 7:</b>  Tuesday, March 9 <sup>th</sup>  Thursday, March 11 <sup>th</sup>	<b>Firms, Profit-Maximization, and Competition</b> <ul style="list-style-type: none"> <li>• The Economics of Firms</li> <li>• The Firm under Competition</li> <li>• Profit Maximization decisions</li> <li>• Firm Entry and Exit</li> <li>• Creative Destruction</li> </ul>
<b>Week 8:</b>  Tuesday, March 16 <sup>th</sup>  Thursday, March 18 <sup>th</sup>	<b>Monopoly and Price Discrimination</b> <ul style="list-style-type: none"> <li>• Market Power and Market Structure</li> <li>• Benefits and Costs of Monopoly</li> <li>• Price Discrimination</li> <li>• Antitrust; Tying and Bundling</li> <li>• Big Tech: Thinking about Amazon, Facebook, YouTube, Google, etc.</li> <li>• Big Business/Tech and Regulation: Should they be treated like utilities?</li> </ul>
<b>Week 9:</b>  Tuesday, March 23 <sup>rd</sup>  Thursday, March 25 <sup>th</sup>	<b>Oligopoly, Game Theory, and Cartels</b> <ul style="list-style-type: none"> <li>• The Economics of Cartels</li> <li>• Game Theory and its applications</li> <li>• Prisoners' Dilemma</li> <li>• Network Goods</li> </ul>
<b>Week 10:</b>  Tuesday, March 30 <sup>th</sup>  Thursday, April 1 <sup>st</sup>	<b>Monopolistic Competition &amp; Labor Markets</b> <ul style="list-style-type: none"> <li>• Monopolistic Competition</li> <li>• Advertising &amp; Signaling</li> <li>• Labor Markets</li> <li>• Labor Demand, Marginal Product of Labor</li> <li>• Labor Supply, Labor Elasticity</li> <li>• Unions</li> </ul>
<b>Week 11:</b>  Tuesday, April 6 <sup>th</sup>	<b>Decision-making &amp; Uncertainty</b> <ul style="list-style-type: none"> <li>• Incentive alignment and compensation</li> <li>• Asymmetric Information: Moral Hazard and Adverse Selection</li> <li>• Signaling</li> <li>• Efficient Markets Hypothesis</li> <li>• Consumer Choice</li> <li>• Indifference Curves</li> <li>• Income &amp; Substitution Effects</li> </ul>
<b>Midterm #2: Thursday, April 8<sup>th</sup></b>	

<b>Week 12:</b>  Tuesday, April 13 <sup>th</sup>  Thursday, April 15 <sup>th</sup>	<b>Economics of Immigration #1</b>  <ul style="list-style-type: none"> <li>• Introduction to Economics of Immigration</li> <li>• “Trillion-Dollar Bills on the Sidewalk”</li> </ul>
<b>Week 13:</b>  Tuesday, April 20 <sup>th</sup>  Thursday, April 22 <sup>nd</sup>	<b>Economics of Immigration #2</b>  <ul style="list-style-type: none"> <li>• Fiscal Effects of Immigration</li> <li>• Immigration and Culture</li> <li>• Common Complaints: Do They Hold Up to Scrutiny?</li> </ul>
<b>Week 14:</b>  Tuesday, April 27 <sup>th</sup>  Thursday, April 29 <sup>th</sup>	<b>Economics of Immigration #3</b>  <ul style="list-style-type: none"> <li>• Immigration &amp; Keyhole Solutions</li> <li>• Philosophy of Immigration</li> <li>• Final Exam Review</li> </ul>
<b>Final Exam: Thursday, May 6<sup>th</sup> (10:30 AM - 1:15 PM)</b>	

## IV. Course Policies

**Course Expectations:** It is expected that all assigned readings will be completed by the start of class and that you come to class ready to participate. In addition, this class requires some familiarity with graphing and algebraic computations. If you find yourself struggling with the material at any time, please make an appointment to talk with me as soon as possible!

**Attendance/Class Participation:** While attendance is not mandatory, attendance and class participation are necessary to have a successful experience in this course. In addition, I cannot offer a make-up exam without valid documentation providing a basis for excused absence. If you are unable to attend class for an excusable reason, please contact me before the start of class so we can coordinate on makeups.

**Viewpoint Diversity:** I expect that you treat your fellow classmates with respect, even if you disagree with them; reasonable minds can differ on any number of perspectives, opinions, and conclusions. Constructive disagreement sharpens our thinking and deepens our understanding; therefore, it is not only encouraged, but expected. All viewpoints are welcome in my class; however, no ideas are immune from scrutiny and debate.

**Audio Recording and Electronics:** Please be respectful of your peers and your instructor and do not engage in activities that are unrelated to class. Such disruptions show a lack of professionalism, and negatively affect the learning of others. Additionally, research suggests that students taking notes by hand retain information better than their peers who take notes electronically. In order to foster open discussion, recordings of lectures will not be allowed.

**Other relevant GMU Policies:** In addition to the course policies listed above I will follow GMU policy on all matters, including:

- **Disability Services:** All accommodations for disabilities must be set up at the beginning of the semester with the Office of Disability Services. They can be reached at (703)-993-2474 or ods@gmu.edu. Additional information about GMU policy can be found at ds.gmu.edu.
- **Academic Honesty:** It is expected that students adhere to the George Mason University Honor Code as it relates to integrity regarding coursework and grades. The Honor Code reads as follows:

- *To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University community and with the desire for greater academic and personal achievement, we, the student members of the University Community have set forth this: Student members of the George Mason University community pledge not to cheat, plagiarize, steal and/or lie in matters related to academic work.*
- More information about the Honor Code, including definitions of cheating, lying, and plagiarism, can be found at the Office of Academic Integrity website at <http://oai.gmu.edu>

**Additional Services:**

- University Libraries ([library.gmu.edu](http://library.gmu.edu))
- Writing Center ([writingcenter.gmu.edu](http://writingcenter.gmu.edu))
- Counseling and Psychological Services ([caps.gmu.edu](http://caps.gmu.edu))
- Keep Learning, Learning Services ([learningservices.gmu.edu/keeplearning/](http://learningservices.gmu.edu/keeplearning/))