Economics 21: Intermediate Microeconomics

Dartmouth College
Spring 2018

Professor Lauren Russell
LaurenRussell@dartmouth.edu

Office Hours: 12X, 2X, or by appointment in Rockefeller 202

I aim to respond to emails within 24 hours. However, this is not always possible, so please plan accordingly with respect to assignment deadlines, quizzes, and exams.

Make sure your Canvas notification preferences are sent to instant notifications for announcements. I will be using announcements for important instructions and reminders. If your preferences are not set appropriately, you may miss important course information!

What You Will Learn
The goal of this course is to

- EQUIP you with the tools of standard microeconomic theory
- TRAIN you to apply these tools to real-world decision making

Students from previous years have said that their most important takeaways have included a better understanding of

- Using models to predict behavior
- Everyday economic concepts and decisions
- Policy tradeoffs
- Incentives

After taking this course, you will be prepared to take economics field courses which require an understanding of standard microeconomic theory. Some of the material in this course may also be useful for case interviews (consulting) or job interviews for other quantitative positions.

Learning Activities
To achieve the learning objectives of this course, you will

- Complete pre-class foundational assignments that require you to read textbook chapters, review problem solutions, and/or watch videos to become familiar with important concepts
- Solve problems in groups
- Participate in class simulations
- Brainstorm and assess policies to address real-world problems
- Role-play to understand how actors with conflicting incentives make optimal decisions

Class meetings will be valuable only if you have completed the necessary pre-class assignments. It is imperative that you come prepared for each class. I will post the pre-class assignments well in advance so that you have flexibility to work ahead and have time to ask questions as they arise. Class meetings will be used to clarify the most confusing or difficult concepts and practice applying the concepts in more complex settings.

A good rule of thumb is that for a typical college course, you will need to spend a minimum of three hours outside of class for each hour spent in class. Here are some suggestions for activities you may want to complete during this time for this course:

- Pre-class assignments
- Watching concept videos
- Concept mapping
- Reviewing your notes from class sessions
- Meeting with a study group
- Formulating questions to ask during office hours
- Solving practice problems
How You Will Know You are Learning

There will be frequent opportunities for you to receive formal and informal feedback. This is facilitated by access to suggested solutions/responses posted on Canvas after pre-class assignments are turned in, quizzes, class interaction, and a written exam.

- Pre-class assignments will be graded on a check minus, check, check plus basis (1, 2, or 3 points). I will post suggested responses on Canvas after each assignment is due so that you may self-assess your own work for correctness BEFORE we cover the topic in class.
- There will be four quizzes with questions of the style that you might see on the final exam. All the quizzes will be open-book and open-note and allow you to use a calculator. You may drop your lowest score out of the four. Do your best on each quiz so that in case you have an issue that causes you to underperform or miss one of the quizzes (illness, a job interview, athletic event, death in the family, personal issue), you can drop this quiz score. Due to this drop option, I will not give makeup quizzes.
- There will be a written final exam. This exam will give you the opportunity to demonstrate that you have met the learning goals of this course. Like the quizzes, it will be open-book, open-note and allow the use of a calculator.

Regrade Policy: All regrade requests must be made in writing within one week of the date the quiz is returned to you. Please drop off a sheet at my office explaining why you would like the item regraded along with the original graded copy. I will then regrade the entire quiz, so keep in mind that your grade may go up or down.

Your course grade will be computed using the following weights:

- **Class Participation:** 5%
- **Pre-Class Assignments (10 total; 1% each):** 10%
- **Quizzes (4 total; lowest score dropped; 15% each):** 45%
- **Final Exam:** 40%

In accordance with Dartmouth grading standards, letter grades will correspond to the following levels of mastery:

- **A:** Excellent mastery of course materials, and student performance indicates a very high level of originality, synthesis, and analysis
- **B:** Good mastery of course materials, and student performance indicates a high level of originality, synthesis, and analysis
- **C:** Acceptable mastery of course materials, and student performance demonstrates some degree of originality, synthesis, and analysis
- **D:** Deficient in mastery of course materials, and originality, synthesis, or analysis apparently absent from performance
- **E:** Serious deficiency in mastery of course materials and originality, synthesis, and analysis clearly lacking
Tools for Your Success

1. Foundational Knowledge
The prerequisites for this course are Econ 1 and Math 3. I have posted a prerequisite skills assessment on the course website that will help you gauge whether you have a satisfactory grasp of the basic calculus and introductory microeconomics necessary to be successful in this course. Should you find the questions in this assessment difficult, we should meet to discuss how you might fill in the gaps in your knowledge within the first week of the course.

2. Materials
Readings will come from the required textbook *Microeconomics* by Goolsbee, Levitt, and Syverson. You may purchase the first or second edition. The textbook page numbers in the assignment correspond to pages from the most recent second edition. For those of you with the first edition, there is a document on Canvas which lists the first edition page numbers. (Note that the page numbering has changed between the first and second edition.) You do not need to purchase access to LaunchPad, a website with additional resources by the textbook publisher. All other class materials will be posted on the course website.

3. Academic Skills Center Study Group
I have requested that a study group be formed for Econ 21 through the Academic Skills Center. This group will meet regularly one evening a week with the aid of a student leader who previously took, and performed well, in Econ 21. The study group time will be used to clarify difficult concepts, review material before quizzes/exams, provide individualized help, and give you an opportunity to interact with your classmates to hear different ideas and solve problems. Note that all students can benefit from participation in the study group, not just students who are having trouble in the course.

In addition to organized study groups, the Academic Skills Center also offers a Tutor Clearinghouse and provides academic coaching and resources on learning strategies. RWIT, housed within the Institute for Writing and Rhetoric, provides peer-to-peer tutoring and other writing assistance for undergraduates and graduate students. All services are free, so take advantage of these resources.

4. Academic Adjustments
My goal is to make it possible for all students to successfully achieve the learning objectives of this course. Students with disabilities (mental, physical, cognitive, or other) who may need disability-related academic adjustments and services for this course are encouraged to see me privately as early in the term as possible. Students requiring disability-related academic adjustments and services must consult the Student Accessibility Services (SAS) office (by calling, 603-646-9900 or emailing Student.Accessibility.Services@Dartmouth.edu). Once SAS has authorized services, students must show the originally signed SAS
Services and Consent Form and/or a letter on SAS letterhead to me. If you have questions about whether you qualify to receive academic adjustments and services, you should contact the SAS office. All inquiries and discussions will remain confidential.

5. Academic Integrity
I encourage you to work together on pre-class assignments, though each student must turn in his/her own responses. Any collaboration or consultation during quizzes or the final exam will be considered a breach of academic integrity.

For more information regarding Dartmouth’s Honor Principal, please see http://student-affairs.dartmouth.edu/policy/academic-honor-principle.

6. Religious Observance Accommodations
Some students may wish to take part in religious observances that occur during this academic term. If you have a religious observance that conflicts with your participation in the course, please email me before the end of the second week of the term so that we can discuss how to make appropriate accommodations. Please do not hesitate to reach out as I am more than happy to make these accommodations.

7. Technology Use
Randomized control trial and quasi-experimental studies show that permitting laptop use in economics classes causes a 0.1–0.2 standard deviation decline in how much students learn.12 This is true even if students have their laptop use monitored and use laptops primarily for notetaking. In light of this research, I would be doing you a disservice if I had no laptop policy.

Laptop use in this class will be opt-in only. If you have a compelling reason why you need to use a laptop or tablet, please discuss the circumstances with me. Otherwise, I will assume that you will not be using a laptop, cell phone, or other electronic device during class. I will bring printed versions of handouts to each class.

8. Wellness and Mental Health Resources
I recognize that the academic environment at Dartmouth is challenging, that our terms are intensive, and that classes are not the only demanding part of your life. There are a number of resources available to you on campus to support your wellness, including: your undergraduate dean (http://www.dartmouth.edu/~upperde/), Counseling and Human Development (http://www.dartmouth.edu/~chd/), and the Student Wellness Center (http://www.dartmouth.edu/~healthed/). I encourage you to use these resources and to take care of yourself throughout the term.

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Learning Roadmap

Unit 1: Revisit Model of Supply and Demand
Elasticities of Supply and Demand
  - Application: Confessions of an Online Retailer
Taxes and Subsidies
  - Application: When Cigarette Taxation Backfires
Surplus, Welfare, and Externalities
  - Application/Class Simulation: Emissions Market in the European Union

Unit 2: Model of a Utility-Maximizing Consumer
Consumer Optimization
  - Application: Forget SNAP, try Cash!
Income and Substitution Effects
  - Application: Monkeying Around with Income and Substitution Effects
Labor Supply
  - Application: Will Globalization Increase Child Labor?
Decision-Making Over Time
  - Application: Cash Now: A Rip-off or a Valuable Tool?
Decision-Making Under Uncertainty
  - Application: Should You Buy the AppleCare+ Plan?
Moral Hazard and Adverse Selection
  - Application: Asymmetric Information: What You Don’t Know Can Hurt You
Behavioral Economics
  - Application: Why You May Need a Runaway Alarm Clock

Unit 3: Model of a Profit-Maximizing Firm
Cost Functions
  - Application: The Economics of MOOCs and Movie Flops
Cost Minimization and Inputs
  - Application: When Living Wages Backfire
Perfect Competition
  - Application/Class Simulation: The Online Market for Contact Lenses
Monopoly
  - Application: Unintended Consequences of Government-Protected Monopoly Power
Price Discrimination
  - Application: The Subtle Art of Price Discrimination
Oligopoly
  - Application/Class Simulation: Why Are Airline Tickets So Expensive?
  - Application: Do’s and Don’ts of Price Fixing: Lessons from Cartels

Additional topics TBD as time permits:
General Equilibrium
Social Welfare Functions
Welfare Theorems
International Trade
**Quiz Dates**
Quiz 1: April 11
Quiz 2: April 20
Quiz 3: May 4
Quiz 4: May 21

**List of Due Dates for Pre-Class Assignments**
The Pre-Class Assignments must be turned in by 11:59 pm on the date indicated. This will give me time to assess what material most students found difficult and modify the class material for that topic. It will also give you time to review the suggested solutions.

I have posted all the pre-class assignments for the entire term on Canvas. This allows you to work ahead and plan for any weeks that may be particularly demanding with regards to other courses or life responsibilities.

Please turn in each assignment **electronically** on Canvas. I recommend scanning your assignment (scanners are available free of charge at all 9 libraries on-campus[^3]) or typing up your answers. Alternatively, you may take pictures on your smartphone, though sometimes these are harder to read. If your assignment is not readable, it will not be possible for me to give you feedback or credit.

Assignment #1: March 29
Assignment #2: April 3
Assignment #3: April 5
Assignment #4: April 12
Assignment #5: April 15
Assignment #6: April 19
Assignment #7: April 27
Assignment #8: May 4
Assignment #9: May 8
Assignment #10: May 15

[^3]: [https://www.library.dartmouth.edu/services/print-copy-scan](https://www.library.dartmouth.edu/services/print-copy-scan)