Introductory Microeconomics

Meeting times: MWF 1:50–3:00, Briggs 223
Instructor: Adam Galambos, adam.galambos@lawrence.edu
Office hours: Briggs 212, TBD
Course website: On moodle. Please check regularly.

Course description

This is a first course in economics. You will learn about the basic ideas of economics, with special emphasis on microeconomics: the analysis of individual and firm-level decision making. What are the basic tools of economics? How can we use these tools to understand individual decision-making? How can we use them to understand an idealized, “friction-free” market? How can we expand our basic models to incorporate real-world “frictions,” such as market power, externalities, and public goods?

Class format

Depending on the topic covered, class will be a combination of lecture, class discussion, in-class exercises, and small-group problem solving. In-class activities can greatly enhance your learning in an enjoyable way. To make them work, it is essential that you prepare for class as required by the schedule (as shown below and on the moodle website). In-class experiments will be a very important vehicle of learning in this course. It is extremely important that you are prepared for the experiments, that you participate as well as you can, and that you analyze the experiment in the follow-up homework.

Readings

There are three required textbooks for the course. The first is Introduction to Microeconomics, 4/e by Edwin G. Dolan. You can order your book at http://www.bvtstudents.com. Be sure to order the microeconomics only version; it is available as an e-book or in hard copy. The second is Naked Economics by Charles Wheelan, available online as an e-book or in hard copy. Finally, for the in-class experiments you are required to buy an e-book, which will consist of chapters from Experiments with Economic Principles, by Bergstrom and Miller. When the e-book is available for purchase, I will put a link to it on moodle. In addition I will occasionally post relevant links or comments on moodle.

The Economic Naturalist

The idea is due to Robert Frank, and so is the book by that title. (The book is not required, but you might find it to be a worthwhile addition to your library.) The concepts you learn in Economics can be useful in explaining a great variety of facts of life. For every Economic Naturalist assignment, your task is to pose an original and interesting question about some observed fact(s) in the world, and to answer it using principles or frameworks or approaches from the course. You must submit your assignment on moodle, and you are
limited to 300 words total. Your submission must state the question clearly, offer evidence that the observed facts are indeed facts, and offer a succinct explanation using principles or frameworks or approaches from the course.

Grading

The homework problems will be worth 35% of your grade, the Economic Naturalist assignments will be worth a total of 15% of your grade, and the midterm and the final exam will be worth 25% each. The midterm exam will be in class on October 19th. The final exam will be on Sunday, November 20th, at 6:30 pm. If you have an unavoidable conflict with any exam, you must contact me at least 2 weeks in advance. If you miss an exam, you will receive 0 points for it unless you can document that you were prevented from taking it by an unforeseeable circumstance. You will be required to submit certain parts of your homework on moodle, as well as a hard copy of your entire homework. Your homework grade will be determined by your score on several randomly chosen problems. Your final grade will depend on your total score, based on:

- 92%-100%    A
- 90%-91%    A-
- 88%-89%    B+
- 82%-87%    B
- 80%-81%    B-
- 78%-79%    C+
- 72%-77%    C
- 70%-71%    C-
- 68%-69%    D+
- 62%-67%    D
- 60%-61%    D-
- 59%        F

I reserve the right to revise this scale downwards by uniformly increasing the band for each grade.

Honor Code

As with all courses at Lawrence University, the Honor Code applies to all activities related to this course. Please reaffirm the Honor Code on all written work. The midterm and final exams will be given in class, and you are to complete them entirely on your own. You are encouraged to discuss the homework problems with your classmates before you start writing your solution. Once you start writing your solution, you must not consult with anyone. In particular, collaborating while submitting your homework answers on moodle is a violation of the Honor Code. The same applies to the Economic Naturalist assignments.

Preliminary Course Schedule:

Week 1
9/12 Chapter 1: The Economic Way of Thinking; What is Economics?
9/14 Experiment 1: Supply and Demand
9/16  Discussion of Experiment 1  
Chapters 2: Supply, Demand, Equilibrium.

**Week 2**

9/19  *Experiment 2: Shifting Supply*  
*Homework for Experiment 1 due*

9/21  Discussion of Experiment 2  
Wheelan, Chapter 1: The Power of Markets

9/23  *Experiment 3: A Sales Tax*  
*Homework for Experiment 2 due*

**Week 3**

9/26  Discussion of Experiment 3  
Chapter 3: Supply, Demand, and Elasticity  
Wheelan, Chapter 3: Incentives Matter  
*Economic Naturalist 1 due*

9/28  Chapter 5: Choices by Consumers  
*Homework for Experiment 3 due*

9/30  *Experiment 6: Externalities*

**Week 4**

10/3  Discussion of Experiment 6  
Chapter 6: The Economics of Climate Change and Environmental Policy

10/5  Chapter 6 continued  
*Homework for Experiment 6 due*

10/7  Chapter 4: Choice, Markets and Government  
Wheelan: Chapters 3 and 4: Government and the Economy  
*Economic Naturalist 2 due*

**Week 5**

10/10  *Experiment 11: Comparative Advantage*  

10/12  Discussion of Experiment 11  
Chapter 7: Global Trade and Trade Policy

10/14  Wheelan, Chapter 11: Trade and Globalization and  
Wheelan, Chapter 6: Productivity and Human Capital  
*Homework for Experiment 11 due*

**Week 6**

10/17  Midterm Review  
*Economic Naturalist 3 due*
10/19  **Midterm exam**

10/21  *Midterm reading period — no class*

**Week 7**

10/24  *Experiment 8: Entry and Exit*

10/26  Discussion of Experiment 8  
       Chapter 8: Production and Costs

10/28  Chapter 9: Supply under Perfect Competition  
       *Homework for Experiment 8 due*

**Week 8**

10/31  *Experiment 7: Monopolies and Cartels*  
       *Economic Naturalist 4 due*

11/2   Discussion of Experiment 7  
       Chapter 10: The Theory of Monopoly

11/4   Chapter 10 continued  
       *Homework for Experiment 7 due*

**Week 9**

11/7   *Experiment 12: Adverse Selection*

11/9   Discussion of Experiment 12  
       Chapter 14: The Economics of Information and Uncertainty

11/11  Chapter 14 continued  
       Wheelan, Chapter 5: Economics of Information  
       *Homework for Experiment 12 due*

**Week 10**

11/14  Wheelan, Chapter 7: Financial Markets  
       Wheelan, Epilogue: Life in 2050  
       *Economic Naturalist 5 due*

11/16  Review

11/20, 6:30 pm: Final Exam