Econ 253 (Intermediate Microeconomics)  
Syllabus  
Fall 2012

Course Meets: Tuesdays & Thursdays, 11 am — 12.15 pm, King 239

Contact Details
Instructor: Prof. Ron Cheung  
E-mail: rcheung@oberlin.edu  
Phone: (440) 775-8971  
Office: Rice Hall 212  
Office Hours: Tuesdays, 4.30 – 5.30 pm; Wednesdays, 2 – 3.30 pm; Thursdays, 1.30 – 2.30 pm; other times by appointment.

Course Description and Objectives
You’ve seen Econ 101, and you know that economics is the social science of choices. Now it’s time to introduce you to the way that economists build mathematical models to understand these choices. Microeconomics is micro because its goal is to capture the motivation of individual economic agents – person, household, firm or government – and how they interact in markets. Microeconomic theory can help us answer questions like:

- As a kid, how (and why) did you allocate your allowance between saving and spending?
- When does a firm decide to increase production or to shutter its doors temporarily?
- What determines prices? Why does scarcity drive up prices?
- Do markets always allocate resources perfectly? What happens if there is a good that isn’t bought or sold in markets (like pollution)?
- What happens when individuals find themselves in strategic situations – when my well-being depends on the actions of someone else’s actions in addition to my own?

If these questions look familiar, it’s because we’ve looked at them in Econ 101. But at that time, we primarily addressed these questions through stories and graphs. In this course, you will learn the value of building mathematical models in answering the questions. Mathematics allows us to build much more precise models and allow us to strip a model down to its most important components and interactions. It is crucial to remember that although models – especially those expressed mathematically – may seem overly simplistic at first, the art of being an economist is to impart economic meaning and conclusions to the equations, derivatives and graphs we derive.
The payoff is a deeper understanding of the importance that logical modeling and critical thinking play in economics. It will also be a fundamental foundation for further advanced courses in microeconomics, such as Public Economics, Industrial Organization, Labor Economics and Natural Resource Economics.

Prerequisites

There are two prerequisites, both of which are essential. It is unlikely that you will pass the course if you haven’t met both of them.

The first prerequisite is that you must have completed a principles of economics course (Econ 101). It goes without saying that you must not be surprised when you hear me use terms like demand curve, supply, profit-maximization, without necessarily defining them. If it’s been a while since your Econ 101 course, keeping an introductory textbook on hand to look up terms is advised (as opposed to just relying on our textbook).

The second prerequisite is the really important one: you must have calculus proficiency at the MATH 133 level or similar. You must be comfortable with the following from Day 1:

- What a derivative of a function represents (i.e., you understand it’s the slope of a tangent line touching a function at a particular point);
- How to find the derivative of a function in one variable in a variety of contexts; (we will learn about partial derivatives in the course, so don’t worry if you don’t know those are)
- How to maximize or minimize a function in one variable using calculus.

We will have brief math reviews during the first two weeks of classes. It would be very helpful for you to have a calculus textbook as a reference.

Textbook and Course Materials

The following materials are required for this course.

Textbook. The textbook for this course is Hal Varian’s, Intermediate Microeconomics: A Modern Approach, 8th edition. Older print editions are okay (6th and 7th editions are quite common). I will refer to chapter numbers from the 8th edition (a table of contents will be posted on Blackboard for your convenience). This book has been used in the last couple of years at Oberlin for Econ 253, so hopefully there are used copies available. There will also be a copy placed on reserve at the library.

Aplia. It is impossible to learn micro theory without doing practice problems. We are using the book in conjunction with Aplia, a web technology used in thousands of economics departments worldwide. The site has excellent interactive materials to learn how to apply very theoretical concepts we talk about in class. For grading purposes, Aplia will be used to assign homework assignments, and you must keep on top on it. It is very easy to fall behind as new theory is introduced quite quickly. Aplia essentially translates problems from the excellent study guide Workouts in Intermediate Microeconomics, which would have been the book from which homework problems would be assigned in the absence of Aplia.

An Aplia subscription for the term can be purchased as an access card in the bookstore or directly from the Aplia website – see the last page of the syllabus. On the last page of the syllabus, you will find additional information on how to enroll yourself in Aplia.
Blackboard. As a registered student, you should be able to view the Blackboard page for this course. This is the site where I will post lecture notes, assignments, additional study material and announcements for this course. It is your responsibility to check the site often. You can also check your grades.

Lecture notes will generally be posted in advance of the lecture we cover them in. I recommend that you print them out and bring them to class so that you can take notes on them. The notes are incomplete, as we will fill in the missing graphs, math and text during the lecture. If you miss a lecture, it is your responsibility to find a classmate who attended class to fill in the blanks.

Grading
There are four components to your course grade.

Assignments (20%). There will be weekly homework assignments in the class. Each assignment carries equal weight. I will drop the lowest two grades among your assignments for the purposes of calculating your final mark. Each assignment consists of either one or two parts:

Aplia portion: All assignments will have questions assigned through, and submitted with, Aplia. You must submit your answers to Aplia problem sets by 11.30 pm on the day it is due. You can change your answers as often as you like before the assignment is due, but after the deadline, Aplia will not accept submissions or changes. So please start your homework early, and record/save your answers often. Grades and feedback will be given to you on the site.

Written portion: Occasionally, part of an assignment will consist of a problem involving graphs or calculations. These questions provide valuable practice because they are written in the style of my exam questions. You must hand in a HARD COPY (no e-mail submissions) of your answers within the first 10 minutes of class on the day it is due. In other words, written questions are due earlier than Aplia questions. You may handwrite or type. Written portions will be graded as ✓+, ✓ or ✓–. ✓+ means your answer was more or less complete and correct and is worth 100% of total value of the question. ✓ means your answer demonstrated an effortful attempt at the question but had an error in reasoning, and it is worth 70%. ✓– means an unsatisfactory attempt, and it is worth 40%. Skipping a question is worth 0%. Skipping a question is worth 0%. Skipping a question is worth 0%.

Here are the penalties for lateness:

- Hand in during class but after the first 10 minutes: 20% penalty. If you intend on doing this, please hand your assignment in at the end of the class to avoid disturbing the lecture.
- Hand in within 24 hours of due time: 40% penalty.
- Hand in after 24 hours: 100% penalty.
- Exceptions can be made for documented reasons.

You are encouraged to study with other students and to discuss and compare notes with each other when working on assignments. However, you must submit your own work. (Indeed, sometimes Aplia randomizes numbers so that each student sees a slightly different version of the question being asked.)

Midterms (25% each). There will be two in-class midterm exams. The first midterm will be held on Thurs., 4 Oct. 2012. The second midterm will be held on Thurs., 15 Nov. Exams are closed-book and will be a combination of multiple choice and short-answer questions. They will last 1 hour and 15 minutes.
Final Exam (30%). There will be a cumulative, closed-book final exam, which runs from 9 to 11 am, Wednesday, 19 December 2012. It is up to you to ensure that travel plans do not interfere with your ability to take the final.

Attendance

In-class discussion is strongly encouraged. It’s a big class, but I assure you that questions and comments are welcome. There is no credit given for attendance.

If you have documented, verifiable and serious reason to miss an exam, you must provide the proof to me within 48 hours of the exam or you will receive a zero for it. Depending on the nature of the absence, a make-up exam will be given, or the weight of the missed midterm will be shifted to the final exam. An excused absence for the final exam will be made up for according to the policy of the college.

In-class Ethics

Please ensure an effective learning environment for the whole class by refraining from texting, surfing on the web, using your cell phone, etc.

Please avoid disrupting other students by coming late or leaving midway in the class. (If you must leave early for a good reason, let me know in advance and sit near the door.)

Laptops for note-taking are okay, but it is up to you to restrict its use to coursework.

Help Outside of Class

Please do not hesitate to see me in my office hours or make an appointment to meet with me to discuss any questions or comments you may have about the class. If you’re having difficulty, please see me as soon as possible and don’t wait until just before exam time.

There are tutors available to help you with material in the course. Please get in touch with Lynda Lee, the tutor coordinator, in Peters 118 for more details.

Honor Code

The College requires that students sign the Honor Code for all assignments. Presenting the work of someone else as your own is a serious affront to the other students in the course and to me. On each assignment that you submit, you must type or write "I have adhered to the Honor Code in this assignment" and your name in agreement. For further information, please see the student Honor Code, via Blackboard > Lookup/Directories > Honor Code.

Students with Disabilities

If you have specific physical, psychiatric or learning disabilities and require accommodations, please let me know early in the semester so that your learning needs may be appropriately met. You will need to provide documentation of your disability to the Office of Disability Services in Peters G-27/G-28.
Course Outline
Caveat: The course outline and the textbook coverage (in brackets) are subject to change. You will not be expected to read everything in the textbook, just what is relevant to material we cover in lectures.

Part 1: Theory of the Consumer

WEEK 1:
Tues., 4 Sept.: The Market & an Introduction to Modeling [Ch 1].
Thurs., 6 Sept.: Budget Constraint [Ch 2]. We will also begin a Math Review. You should have read the Math Appendix several times. We begin with general concepts, [A1-A9].

WEEK 2:
Tues., 11 Sept.: Preferences [Ch 3]. Continuing with the Math Review, we discuss calculus, [A10-A13]. Read A14 on your own.
Thurs., 13 Sept.: Utility [Ch 4].

WEEK 3:
Tues., 18 Sept.: Choice [Ch 5, skipping discrete good case in 5.3. We also cover Chapter 5’s Appendix, but NOT the part about Lagrangians].
Thurs., 20 Sept.: Demand [Ch 6, de-emphasize the homothetic and quasilinear examples in 6.3; skip discrete good in 6.6]

WEEK 4:
Tues., 25 Sept.: Revealed Preference [Ch 7, but skip 7.6-7.9].
Thurs., 27 Sept.: Slutsky Equation [Ch 8, but skip 8.5, 8.8, 8.9].

WEEK 5:
Tues., 2 Oct.: Two Applications of Choice: Labor Supply & Intertemporal Choice [9.8, 9.9, 10.1-10.4 ONLY].
Thurs., 4 Oct.: Midterm 1.

WEEK 6:
Tues., 9 Oct.: Consumers’ Surplus [Ch 14, with focus on 14.7 and after].
Thurs., 11 Oct.: Market Demand [Ch 15. Skip 15.3, 15.4].
Part 2: Theory of the Firm

**WEEK 7:**
Tues., 16 Oct.: Technology [Ch 18].
Thurs., 18 Oct.: Costs [Ch 20, skip 20.2. Include Ch 20’s appendix but not sections dealing with the Lagrangian. Ch 21, de-emphasize 21.4-21.6].


**WEEK 8:**
Tues., 30 Oct.: Profit Maximization [Ch 19, skip 19.3-4, 9, 11, 12. Also include Ch 19’s appendix].
Thurs., 1 Nov.: Firm Supply under Perfect Competition [Ch 22].

Part 3: Theory of the Market, Partial Equilibrium

**WEEK 9:**
Tues., 6 Nov.: Industry Supply under Perfect Competition [Ch 23, skip 23.6-10].
Thurs., 8 Nov.: Monopoly [Ch 24].

**WEEK 10:**
Thurs., 15 Nov.: **Midterm 2.**

**WEEK 11:**
Tues., 20 Nov.: Monopoly Behavior [Ch 25, skip 25.7-10].
Thurs., 22 Nov.: THANKSGIVING

**WEEK 12:**
Tues., 27 Nov.: Oligopoly [Ch 27, skip 27.3, 27.8, 27.11].
Thurs., 29 Nov.: Game Theory [Ch 28].

Part 4: General Equilibrium & Market Failures

**WEEK 13:**
Tues., 4 Dec.: Exchange [Ch 31, skip monopoly example in 31.10].
Thurs., 6 Dec.: Externalities [Ch 34].
WEEK 14:
Tues., 11 Dec.: Public Goods [Ch 36].
Thurs., 13 Dec.: Wrap up / Flex day.

Final Exam: 9 to 11 am, Wednesday, 19 Dec.

How to access your Aplia course

ECON 253 - Intermediate Microeconomics Fall 2012

Instructor: Ron Cheung
Start Date: 09/03/2012
Course Key: F3LL-VFN6-BCXA

Registration
Aplia is part of CengageBrain, which allows you to sign in to a single site to access your Cengage materials and courses.

1. Connect to http://login.cengagebrain.com/ (If you already have an account through aplia.com, you can use that one too.)

2. If you already have an account, sign in. From your Dashboard, enter your course key (F3LL-VFN6-BCXA) in the box provided, and click the Register button.
   If you don't have an account, click the Create a New Account button, and enter your course key when prompted: F3LL-VFN6-BCXA. Continue to follow the on-screen instructions.

Payment
Online: Purchase access to your course from the CengageBrain website.
Bookstore: Purchase access to Aplia from your bookstore. Check with the bookstore to find out what they offer for your course.

If you choose to pay later, you can use Aplia without paying until 11:59 PM on 09/23/2012.