11.203: Microeconomics
MIT DUSP Spring 2020
Devin Michelle Bunten

Course Details

- Course instructor: Devin Michelle Bunten
  - Email: bunten@mit.edu
  - Pronouns: she/her/hers
- Key Times
  - Class: Tue/Thu 9:30-11am in 4-237
  - Drop-in office hours: Wed 9:30-11am in 9-519
- Course TAs:
  - Priyanka deSouza: desouzap@mit.edu
    i. Section: Friday 1-2:30 in room 9-450A
    ii. OH:
  - Dan Engelberg: dle@mit.edu
    i. Section: Monday afternoon, time/room TBA
    ii. OH:
  - Binzhe Wang: binzhe@mit.edu
    i. Section: Thursday 11-12:30 in room 1-277.
    ii. OH:
- Course Site
  - The course site will be an important resource for completing and submitting assignments, keeping track of due dates, and communicating with one another. Please take a few minutes to explore the site before the class begins.
- Pre-course survey:
  - Please fill out this survey before class starts (Feb 4). It will help me get to know you and have a better sense of where the class is going to go!
    - https://mit.co1.qualtrics.com/jfe/form/SV_9Lh16KlZ4rD20qp

Course description

- Introduces basic economic analysis for planning students including the functioning of markets, the allocation of scarce resources among competing uses, profit maximizing behavior in different market structures. Course illustrates theory with contemporary economic issues
Assignments and grading

- Problem sets (35%)
  - Once a week we will have a short problem set due. The goal here is practice! As such, you should ideally attempt them alone, and then seek help as needed.
  - Problem sets will be posted on Thursdays, except for the weeks when a midterm is posted instead. They will be due the following Tuesday before class (9:30 am).
- Reading responses (15%)
  - Most weeks we will have a *short* reading response due. The readings will be classic economics texts about the topic of the material that week. The papers are (generally older) seminal treatments of a particular topic (e.g., why do firms exist?). The readings are not a substitute for a textbook, but designed to push your thinking. The responses should contain three pieces:
    i. Your restatement of the central question(s) of the paper (1-2 sentences)
    ii. Your restatement of the key takeaways of the paper (1-2 sentences)
    iii. Questions, disagreements, or other thoughts that this paper brought up for you. Was there something you were confused about? A conclusion you disagree with? A connection to your own work? (1-2 sentences)
  - The week's reading is due on Thursday before class (9:30 am).
- Take-home group exams (25% each)
  - We will have 2 take-home group exams. These will stretch the boundaries your learning. Correspondingly, you will work on them in self-selected groups of 3-4 (no smaller or bigger). They will be due Tuesday March 4 and Thursday March 18.

Readings

- Week 7, Market structure: pick one (no response required)

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Schedule and Topics

Section One

Week 1: Course Intro & Economic Markets: Understanding the basics

- Week 1 (Feb. 4): Where we are and where we’re going
- Week 1 (Feb. 6): Production
  - What is production?
  - Why do firms exist?
  - How do firms expand and deal with (internal) congestion?
  - Why do firms and individuals specialize?
    - Textbook: Chapter 11-12 & p. 33-37
    - HW 1 Posted
- Week 2 (Feb. 11): Supply and the Producer
  - What is supply?
  - Why does it cost more to supply more?
  - How do firms expand and deal with increased costs?
    - HW 1 Due
- Week 2 (Feb. 13): Consumer Preferences and the Utility Function
  - What are preferences and what’s a utility function?
  - What is the role of budget constraints?
    - Textbook: Chapter 9-10
    - HW 2 Posted
- Week 3 (Feb. 18): NO CLASS due to president’s day
    - HW 2 Due
- Week 3 (Feb. 20): Demand and the Consumer
  - What is demand?
  - Why does marginal benefit decline?
    - HW 3 Posted
- Week 4 (Feb. 25): Supply and Demand
  - What happens when you draw supply and demand curves on the same graph?
  - What happens when conditions change in one market or the other?
    - Textbook: Chapter 3, pp. 67-102
    - HW 3 Due
    - Midterm 1 Posted
- Week 4 (Feb. 27): Elasticities
  - What are the determinants of elasticity?
  - What do elasticities imply for welfare?
  - How do we measure them empirically?

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Section Two

Week 5-7: Functioning of Markets: Structures, Failures, and Interventions

- Week 5 (Mar. 4): Market interventions - Price Quotas and Controls
  - Why are prices and quantities controlled?
  - How do they affect production, prices, the firm, and the consumer?
    - Textbook: Chapter 5, pp. 131-159
    - Midterm 1 Due

- Week 5 (Mar. 6): Externalities and Market Failures
  - What are externalities?
  - How do they affect production, supply, and the consumer?
  - How do we balance production and the potential/real negative costs of production?
    - Textbook: Chapter 16, pp. 465-488
    - HW 4 Posted

- Week 6 (Mar 11): Public Goods
  - What is a public good?
  - Are all publicly-financed programs “public goods”?
  - How do we do a cost-benefit analysis with public goods?
    - HW 4 Due

- Week 6 (Mar 13): Taxes
  - Who pays the costs of taxes? Who benefits from subsidies?
  - What sort of goods should be taxed?
    - Midterm 2 Posted

- Week 7 (Mar. 18): Market Structures
  - How are markets structured?
  - What is monopolistic competition?
  - Natural monopolies: how to regulate?
  - Unnatural monopolies: how not to regulate?
  - What is rent-seeking
    - Textbook: Chapters 13 and 15, pp. 389, 402-407, 446-456, 503

- Week 7 (Mar 20): The Role of Markets
  - What are markets actually for? Can we just give people stuff?
  - Do markets produce information? (Hayek)
  - Do markets give people the right incentives? (Adam Smith?)
  - Do markets eliminate bad ideas, via selection?
    - Reading: Pick One NO RESPONSE REQUIRED THIS WEEK
Additional

Accessibility and Accommodations (ODGE)

Students gain access to academic learning in a variety of ways, and MIT is committed to full inclusion of all students. The Office of the Dean for Graduate Education (OGE.mit.edu) is an Institute-wide support and referral office for graduate students. The ODGE aims to be helpful to all graduate students at MIT and should be able to refer you to the right resource for any issue. ODGE can provide more guidance, but in general, exceptions to the expectations provided in this syllabus (e.g., about assignments) are only accepted with approval through the Office of Student Disability Services: http://web.mit.edu/uaap/sds/students/info_specifics.html.

Names and Pronouns:

If you go by a different name or different/no gender pronouns than the ones under which you are officially enrolled, please inform me. Students are always expected to respectfully refer to each other by preferred names and pronouns.

Late submissions

All submissions should be submitted via Stellar. In the event that medical or other personal circumstances arise that interfere with your ability to complete assignments on time, extension requests can be made to the Office of the Dean of Graduate Education (http://odge.mit.edu). If the ODGE decides that an extension is warranted, they will send a generic note that your assignment deadline should be extended without penalty. This policy is intended to preserve your privacy. Any assignment submitted after the deadline, without a request for an extension that was approved by ODGE, may be marked down 5 percentage points. Any assignment more than 3 hours late may be marked down a further 5 percentage points. A further 10 percentage points may be deducted for each day the assignment is late.

Safe and Equitable Learning Environment

MIT is dedicated to providing a safe and equitable learning environment for all students. Discrimination, sexual assault, and harassment are not tolerated by the Institute. You are encouraged to report any incidents to the Title IX Office. This is important for the safety of the whole MIT community. Violence Prevention & Response’s hotline, 617-253-2300, provides 24/7 confidential support. Please visit https://titleix.mit.edu/ for more information on reporting options and other resources.

Under Title IX and MIT policy, myself and the TAs "Responsible Employees"—i.e., mandatory reporters—and therefore obligated to inform the Title IX Coordinator if any of us hears that any student
may have experienced any sexual misconduct (harassment, assault, etc) during their time at MIT, regardless of whether it is on or off campus.

Basic Needs

Any student who faces challenges securing their food or housing and believes this may affect their performance in the course is urged to contact SSS for support: https://studentlife.mit.edu/s3. If you are comfortable doing so, please also notify Professor Bunten. This will enable her to provide any resources that she may possess (including and most readily, meal swipes).

Academic integrity

Fundamental to the academic work you do at MIT is an expectation that you will make choices that reflect integrity and responsible behavior. Honesty is the foundation of good academic work. Do trust the value of your own intellect and credit others for their work. Do not copy ideas or phrases without citing them appropriately. Do not submit projects or papers that have been written for a previous class. See https://integrity.mit.edu/.

Please note that collaborative learning is actively encouraged, and indeed is also fundamental to academic and professional work. You should be engaged in conversations with your classmates on the material. Different assignments may have different expectations for collaboration, but the key is to always appropriately credit others. As an example, if a classmate suggests an idea that you use in a reading response you should mention this (e.g. in a footnote).

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