

# MICROECONOMIC THEORY

ECO 420K

Unique Number 33360

Fall 2010

**Lectures:** MW 11:00 a.m. - 12:30 p.m., [UTC 3.124](#)  
**Review sessions:** F 11:00 a.m. - 12:00 p.m., [UTC 3.124](#)

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Office Hours: Th 1 p.m. – 3 p.m.

## **Purpose of the Course and Prerequisites:**

The primary objective of the course is to study contemporary theories of the principal determinants of prices and the role of prices in economic organization. The course will emphasize the fundamental concepts of microeconomics and provide concrete examples of their application. Prerequisites for this course are ECO 304K (Introduction to Microeconomics) and ECO 304L (Introduction to Macroeconomics) as well as M 408 C (Differential and Integral Calculus) or the equivalent.

## **Course Expectations:**

This class is usually a challenging class - you should be prepared to spend substantial time outside class on readings and frequent homework assignments.

I employ an interactive teaching style in the classroom and I expect you to be an active participant in this course. Please read all weekly assignments by the first class day of the week. You cannot be an active participant in the class if you are not in attendance.

During this course I will be asking you to give me feedback on your. It is very important for me to know your reaction to what we are doing in class. I believe that together we can create an environment effective for teaching and learning.

## **Texts:**

*Microeconomic Theory. Basic Principals and Extensions* by Walter Nicholson and Christopher Snyder. S, 2008, 10th edition.

*Lecture Notes*, posted on the Blackboard as class progresses.

**Assessment:** There will be problem sets, three midterms and a final. **All** exams are **closed book** ones. Midterm exams are NOT cumulative: material covered in one exam will not be covered in the later exam. The final exam is **cumulative**. There will be NO MAKE-UP DATES for either the midterms or the final. In case you miss one of the exams for a documented illness,

emergency, a religious observance or other university-approved reason, the corresponding part of your final exam will be counted twice. The final score will be the weighted sum of the following:

- problem sets 10% (total)
- midterms 45% (15% each)
- final 35%
- class participation and attendance 10%.

I reserve the right to take attendance and to give pop quizzes. If you are absent for a religious observance or other university-approved reason, please notify me two weeks in advance.

**Dates of the midterms:** September 22, October 20, and November 17 in class. The date of the final is set by the Registrar.

**Homeworks** are important, indispensable part of the course; you should spend considerable time and effort on them. I strongly encourage you to work on the problem sets in study groups. However, before meeting with your group you should have attempted each question - study groups work best when they facilitate learning from each other, not when they are used simply to permit division of labor (i.e., you won't learn very much by simply copying other students' answers). Notice that from each homework assignment **only one** problem will be graded, so please make sure that you solve **all** the problems to get credit. Homeworks and solutions will be posted on the **Blackboard**. Unless otherwise stated, homeworks are due Fridays, during review sessions. Homework assignments are not accepted under any circumstances after solutions have been posted.

### Course Outline:

Date	Topic	Readings
Aug. 25	Introduction	Chapter 1
Aug. 30	Preferences and utility	Chapter 3
Sept. 1, 8	Utility maximization and choice	Chapter 4
Sept. 13	Income and substitution effects	Chapter 5
Sept. 15	Demand relationships among goods	Chapter 6
Sept. 19	Uncertainty and information	Chapter 7
<b>Sept. 22</b>	<b>Midterm 1</b>	<b>Material through Sept. 15</b>
Sept. 27	Uncertainty and information	Chapter 7
Sept. 29, Oct. 4, 6	Game theory	Chapter 8
Oct. 11	Production functions	Chapter 9
Oct. 13	Cost functions	Chapter 10
Oct. 18	Profit maximization	Chapter 11
<b>Oct. 20</b>	<b>Midterm 2</b>	<b>Material through Oct. 13</b>
Oct. 25, 27	Partial equilibrium	Chapter 10
Nov. 1, 3	General equilibrium	Chapter 13
Nov. 8, 10	Welfare economics	Chapter 13
Nov. 10, 15	Monopoly	Chapter 14
<b>Nov. 17</b>	<b>Midterm 3</b>	<b>Material through Nov. 15</b>
Nov. 22, 24, 29, Dec.1	Imperfect competition	Chapter 15

## **Academic Integrity**

### **University of Texas Honor Code**

The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

You are encouraged to study together and to discuss information and concepts covered in lecture and the sections with other students. You can give "consulting" help to or receive "consulting" help from such students. However, this permissible cooperation should never involve one student having possession of a copy of all or part of work done by someone else, in the form of an e mail, an e mail attachment file, a diskette, or a hard copy.

Should copying occur, both the student who copied work from another student and the student who gave material to be copied will both automatically receive a zero for the assignment. Penalty for violation of this Code can also be extended to include failure of the course and University disciplinary action.

During examinations, you must do your own work. Talking or discussion is not permitted during the examinations, nor may you compare papers, copy from others, or collaborate in any way. Any collaborative behavior during the examinations will result in failure of the exam, and may lead to failure of the course and University disciplinary action.

## **Other University Notices and Policies**

### **Use of E-mail for Official Correspondence to Students**

All students should become familiar with the University's official e-mail student notification policy. It is the student's responsibility to keep the University informed as to changes in his or her e-mail address. Students are expected to check e-mail on a frequent and regular basis in order to stay current with University-related communications, recognizing that certain communications may be time-critical. It is recommended that e-mail be checked daily, but at a minimum, twice per week. The complete text of this policy and instructions for updating your e-mail address are available at <http://www.utexas.edu/its/policies/emailnotify.html>.

### **Documented Disability Statement**

Any student with a documented disability who requires academic accommodations should contact Services for Students with Disabilities (SSD) at (512) 471-6259 (voice) or 1-866-329-3986 (video phone). Faculty are not required to provide accommodations without an official accommodation letter from SSD

- Please notify me as quickly as possible if the material being presented in class is not accessible (e.g., instructional videos need captioning, course packets are not readable for proper alternative text conversion, etc.).
- Please notify me as early in the semester as possible if disability-related accommodations for field trips are required. Advanced notice will permit the arrangement of accommodations on the given day (e.g., transportation, site accessibility, etc.).
- Contact Services for Students with Disabilities at 471-6259 (voice) or 1-866-329-3986 (video phone) or reference SSD's website for more disability-related information: [http://www.utexas.edu/diversity/ddce/ssd/for\\_cstudents.php](http://www.utexas.edu/diversity/ddce/ssd/for_cstudents.php)

### **Behavior Concerns Advice Line (BCAL)**

If you are worried about someone who is acting differently, you may use the Behavior Concerns Advice Line to discuss by phone your concerns about another individual's behavior. This service is provided through a partnership among the Office of the Dean of Students, the Counseling and Mental Health Center (CMHC), the Employee Assistance Program (EAP), and The University of Texas Police Department (UTPD). Call 512-232-5050 or visit <http://www.utexas.edu/safety/bcal>.

### **Q drop Policy**

The State of Texas has enacted a law that limits the number of course drops for academic reasons to six (6). As stated in Senate Bill 1231:

“Beginning with the fall 2007 academic term, an institution of higher education may not permit an undergraduate student a total of more than six dropped courses, including any course a transfer student has dropped at another institution of higher education, unless the student shows good cause for dropping more than that number.”

### **Emergency Evacuation Policy**

Occupants of buildings on the UT Austin campus are required to evacuate and assemble outside when a fire alarm is activated or an announcement is made. Please be aware of the following policies regarding evacuation:

- Familiarize yourself with all exit doors of the classroom and the building. Remember that the nearest exit door may not be the one you used when you entered the building.
- If you require assistance to evacuate, inform me in writing during the first week of class.
- In the event of an evacuation, follow my instructions or those of class instructors.

Do not re-enter a building unless you're given instructions by the Austin Fire Department, the UT Austin Police Department, or the Fire Prevention Services office.