

Economics 304k-Unique # 33325
Introduction to Microeconomics

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Overview

An “economy” is a term we use to refer to the billions of interactions that take place each day between buyers and sellers. Microeconomics is the study of how these agents behave as individuals and how their collective actions determine the prices that we pay for goods and services and the quantities that are sold. One important part of microeconomics (or, simply, “micro” from now on) involves the study of what objectives individual buyers and sellers have that guide their behavior. For example, firms may maximize profits and individuals may maximize overall welfare, or “utility”. A second important part of micro involves the study of constraints and limitations that buyers and sellers face in their everyday activities. For example, when a buyer at a store wants to buy something, he or she may have little idea what the price of that item would be at another store. A seller may want to expand, but has financing problems. Third, we study how the individual actions of buyers and sellers work together to determine the price we pay, the qualities of various goods, how much people get paid and how much gets produced, of all the millions of goods and services that we see around us. Finally, once we understand these things, we can study how government policy can either make things better or worse. The following are public policy issues that come up all the time, and which involve micro.

- Should there be rent controls in cities where rents are very high?
- How do “cap and trade” policies deal with pollution?
- Why do we put price fixers in jail?
- Should we raise the minimum wage?
- Should Whole Foods be allowed to acquire Wild Oats?
- Should a federal health care plan reduce Medicare compensation to doctors and hospitals?

How will knowledge of micro help you in later life? First, it can make you a better and more informed citizen. You hear things from politicians many times which sound great at first. A little thought, guided by a background in micro, often will show that the politicians are actually wrong or, at the very least, telling only one side of the story. In business, basic micro often comes in handy. Professions other than economics often rely on at least some grounding in micro. For example, many areas of the law, such as antitrust, patent or labor law, require a good knowledge of micro.

Requirements

There will be three midterms, of which those with the two highest grades will count towards your final grade. That is, if you get 65, 79 and 75 on the three midterms, I will drop the 65. Together, the two midterms that I keep will count 40 percent of your final grade. The midterms will cover both what is in the book and what I cover in lecture. The final exam will count for 30 percent of your grade; it will cover the entire course. Homework will count 20 percent of the final grade and quizzes 10 percent. One goal of the quizzes is to make sure that you come to class. Therefore, quizzes cannot be made up or handed in after class.

I will assign homework each Monday, beginning on August 30, and it will be due in class one week later. I will not accept homework assignments after the end of class on the day it is due. There will be a quiz each Friday, starting September 3, and covering the assigned reading in the textbook for the previous week. Thus, the quiz on September 4 will cover Chapter 2, the one on September 11 will cover Chapter 3, etc. The quizzes will not be hard; their only purposes are to help ensure that you actually read the text and show up for class.

Missed Assignments

I will drop your lowest quiz, homework and midterm grades. If you miss one midterm, for example, that will be the one that I will drop. If you miss any subsequent midterms, you will get a grade of zero for that midterm. The only exception to this rule is for illness, and you will need to get me documentation for the illness.

Office Hours

I will have office hours on Wednesdays from 11 to 12 pm. If this time does not work, just email me or talk to me after class and we will work something else out. Also, if you have any questions that can be handled by email, send me email at any time. I usually get back to people within a day.

Lecture and Exam Schedule

The exact material covered on each date may vary a little. The midterm dates, however, are firm.

Date	Chapter/Assigned Reading
8/25	none
8/27, 8/30, 9/1	2
9/3, 9/8, 9/10	3
9/13, 9/15, 9/17	4
9/20, 9/22, 9/24	5
9/27, 9/29, 10/1, 10/4	6
10/6	In-class review for Midterm 1
10/8	Midterm 1
10/11, 10/13, 10/15	7
10/18, 10/20, 10/22	8
10/25, 10/27, 10/29	9

11/1	fill in extra material
11/3	In-class review for Midterm 2
11/5	Midterm exam 2
11/8, 11/10, 11/12	13
11/15 11/17, 11/19	14
11/22, 11/24, 11/29	15
12/1	In-class review for Midterm 3
12/4	Midterm 3

Note: there will be an evening review session for Midterm 3.

Online Material

The TA for this course will set up Blackboard, which you will be able to access online. Your grades will all be posted on blackboard, as will some lecture notes, exams, practice tests, etc. I will also post current events or other optional reading material on blackboard from time to time.