



## COURSE SYLLABUS

Course: **Econ 3033 Microeconomic Theory**

Prerequisite: (ECON 2013 and ECON 2023) or (ECON 2143) and (MATH 2043 or MATH 2554).

### **Course Description:**

This is an intermediate level course about microeconomics, the branch of economics dealing with household and firm behavior. In this course, we will analyze how consumers and firms make decisions and how the details of the marketplace can affect the allocation of resources. There will be a special focus on those situations where the market fails to provide good outcomes, and we will discuss what steps can be taken to restore efficiency. Whenever possible, I will focus on aspects of business decision making, such as price discrimination, advertising, and business strategy.

### **Requirements:**

1. **Problem Sets:** There will be 5 problem sets during the semester. You are welcome (even encouraged) to work on them together, and even more welcome to visit me for help. BUT: even if you work with others, you have to write up the solutions on your own, using your own words and understanding.
2. **Midterm:** In-class midterm on Wednesday, March 14<sup>th</sup>.
3. **Final:** This test will cover the second-half of the course, and will be held on Wednesday, May 9<sup>th</sup> from 3:15 – 5:15p.

The exams will be closed book. They will be based on lectures, problem sets, and the readings. They will be designed to be very passable for those attending lectures, seriously engaging the problem sets, and doing the reading; they will mostly reflect the basic problems from the problem sets.

### **Grading:**

The course grade will be a weighted sum of the score you get on each of the 5 problem sets, and on the two exams. The problem sets will count for 40% of your final grade, the midterm for 35%, and the final exam for 35%, totaling 110%. The extra 10% will be removed from whichever of the 3 scores is your lowest. Except for emergency situations, late problem sets will be heavily penalized (at least 40% per day) and you will not be allowed to make up any missed exams.

Grading complaints are considered when there has been a grading error. If you think there has been one, please submit a written petition pointing out the error. All petitions must be received within one week after the graded exams/problem sets were officially returned. Note that the entire problem set/exam will be re-graded, and the overall score can go up or down.

### **Textbook:**

Hal Varian, *Intermediate Microeconomics: A Modern Approach*, (Eighth Edition)

[It is not necessary that you get a new book, nor that you get the most recent edition.]

Most of the topics that will be covered in class are also covered by the textbook. However, there will be some topics from the class are not covered by the textbook and also many topics covered

in the textbook that are not covered in class. Your main priority should be to understand the materials presented in class, and only then to supplement it with the textbook.

**Approximate Outline:**

	<b>Lectures</b>	<b>Chapters</b>	<b>Topics</b>
<b>Markets: An Overview</b>	2	1	Introduction, Math Review
<b>Consumer Theory</b>	5	2-8	Budget Set, Preferences, Utility, Choice, Demand
<b>Market Equilibrium</b>	2	14-16	Aggregating Demand, Consumer's Surplus, Taxes
<b>Producer Theory</b>	6	18-23	Technology, Cost Minimization, Cost Curves, Firm Supply, Industry Supply
<b>Monopoly Pricing</b>	5	24-25	Monopoly Pricing, Natural Monopoly, Price Discrimination
<b>Oligopoly, Game Theory</b>	4	27-29	Cournot and Bertrand Oligopoly, Game Theory, Mixed-Strategies.
<b>Other Market Failures</b>	4	34-37	Adverse Selection, Moral Hazard, Externalities, Networks, and Public Goods

**Academic Dishonesty:**

Students are expected to adhere to the University's policy regarding academic honesty. It is explained in the Catalog of Studies, and can be found online at:

<http://catalogofstudies.uark.edu/1112-Catalog-04.pdf>

**Accommodations for Students with Disabilities:**

University of Arkansas Academic Policy requires that students with disabilities are provided reasonable accommodations to ensure their equal access to course content. If you have a documented disability and require accommodations, please contact me privately at the beginning of the semester to make arrangements for necessary classroom adjustments. Please note, you must first verify your eligibility for these through the Center for Educational Access (contact 479-575-3104 or visit <http://cea.uark.edu> for more information on registration procedures).

**Inclement Weather Policy:**

In case of severe weather, a notification will be sent out via Blackboard regarding cancellation of any class. Further instructions regarding the make-up of missed class will also be posted on the Blackboard site.