

6E:104 Microeconomic Theory

Fall 2009

Section 001: T-Th, 1:05P-2:20P, PBB S207

Section 002: T-Th, 2:30P-3:45P, PBB W207

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Course Description

This course, which is required for all economics majors, is meant to expose students to economic models of individual decision making. It is one of the two fundamental theory courses in economics at the undergraduate level. It introduces economics students to contemporary theories of the behavior of consumers, producers, and other economic agents; the role of markets in coordinating economic activity and the conditions required by those markets for an efficient allocation of resources; market imperfections; and strategic behavior of economic actors. This course is designed to give students the economic tools for the applied economics courses which follow it.

Goals and Objectives

At the end of this course, students should be able to derive demand, given consumers' preferences and budgets, and interpret demand, via elasticities. On the production side, students will learn to derive a firm's supply function, and know how to interpret it. If time permits, the class will also cover the determination of equilibrium quantities and prices in cases where sellers have market power, and how this affects efficiency. Other topics that may be covered are how to assess the value of information and the cost of risk.

Assigned Readings

"*Microeconomics*", third edition, by D. Besanko and R. Braeutigam, Wiley, 2005. This is the main textbook for the class.

Course Policies

1. General Rules

Courses offered in the Tippie College of Business are bound by policies in the Tippie College of Business. In other words, issues of dropping, adding, withdrawing from classes and deadlines are covered by policies of the Tippie College of Business, regardless of a student's major.

2. Evaluation of Student Performance/Course Requirements

The final grade in this class will be based on two midterms (40%), one final examination (40%), three homeworks (20%).

The letter grading will be based on the recommended grading curve by the College. Approximately 20% of students will receive A's, 40% will receive B's, 30% will receive C's, 10% will receive D's or below. Plus\minus grading will be used.

Midterm exams will be in-class 75 minute exams with a combination of true-false, short answer, and problem-solving questions. The final exam is cumulative and will be a 2 hour examination. The final exam will be similar in format to the midterms.

3. Policy on Make-up Exams

Re-takes for the two midterms and the final exam will only be given for an excused absence approved one week in advance. Examinations missed due to illnesses may be retaken as long as the student can provide a doctor's note. If you cannot reach me by phone or e-mail, please call the department office at 335-0829.

4. Final Conflicts

The final exam for is scheduled for Friday, December 18, 2009 at 4:30 p.m. Any undergraduate who has either two exams scheduled for the same period, or more than three exams scheduled for the same day, may file a request for a change of schedule at the Registrar Service Center, 17 Calvin Hall. All such changes must be filed by Friday, November 20 2009, 4:30 pm.

5. Late Assignments

Since solutions to assignments will be scheduled to appear automatically on the due date, no assignments will be accepted after that time. Assignments turned in under my door or in my mailbox or the teaching assistant's door or mailbox may not be considered timely.

6. Attendance Policy

While attendance is not mandatory, any questions that students might have about the material is best addressed during class, and occasionally, extra credit may be given during class. If you are unable to attend class, contact your classmates about the material covered in class first. If you still have questions about the material, contact the teaching assistant or me.

7. Disagreements Regarding Grading

Students may request a review of an exam or homework grade, since occasionally mistakes are made. Requests must be in writing, explaining why the answer should have received a higher score. This must be done within two weeks of the date that the exams are handed back or one week in the case of assignments. However, the entire exam or assignment will be reviewed, which could result in a lower total score, because a mistake may have been made in the student's favor on another part of the exam or assignment.

8. Special Note Regarding Calculators

During examinations, no plotting or graphing calculators may be used. The safest choice is to buy a calculator that only adds, subtracts, multiples, and divides.

9. Academic Dishonesty

Students are strongly encouraged to work with other students on homework assignments, but the final version must be in a student's own handwriting and style. If two assignments are identical in appearance, either the semester grade of all students involved will be lowered by one full letter grade or they will receive a score of '0' on the assignment, whichever penalty is greater. If it is determined that students have cheated on an in-class examination, the semester grade of all students involved will be lowered by one full letter grade and

the students involved will receive a score of '0' on that examination.

All incidents of cheating will be reported to the appropriate Dean (e.g., the Associate Dean for the Undergraduate Program in the Tippie College of Business) and the student may be placed on disciplinary probation for the remainder of his or her undergraduate work at the University of Iowa. All students taking this course are governed by the Honor Code for the Tippie College of Business, regardless of major. In order to determine the appropriate appeal process, please consult the Honor Code for the Tippie College of Business.

10. Sexual Harassment Policy

The Tippie College of Business and the University of Iowa are committed to providing students with an environment free from sexual harassment. If you feel that you are being or have been harassed or you are not sure what constitutes sexual harassment, we encourage you to visit the University website, <http://www.sexualharassment.uiowa.edu/index.php>, and to seek assistance from department chairs, the Dean's Office, the University Ombuds Office, or the Office of Equal Opportunity and Diversity.

11. Complaint Policy

If you feel that I have treated you unfairly or acted unprofessionally or otherwise failed to meet my responsibilities as an instructor, please bring the matter to my attention so that we can work together to resolve the problem. If you remain unsatisfied you may contact the chair of my department. If your concerns have still not been resolved at that point, you may contact the Associate Dean of the Undergraduate Program.

12. Policy on Accommodation of Students with Disabilities

I would like to hear from anyone who has a disability which may require some modification of seating, testing, or other class requirements so that appropriate arrangements may be made. Please talk with me after class or during my office hours. Typically, we need at least one week to accommodate any special testing needs for the first time.

Course Schedule

The detailed schedule for homeworks will be available on the course webpage on ICON. The topics and chapters of the book that will be covered in class, and required for the exams, are:

- Demand and Supply Analysis (Chps. 1-2).
- Consumer Preferences and the Concept of Utility (Chp. 3).
- Consumer Choice (Chp. 4).
- The Theory of Demand (Chp. 5).
- **Midterm 1** (Chps. 1-5; tentative date: October 1, 2009, in class).
- Inputs and Production Functions (Chp. 6).
- Costs and Cost Minimization; Cost Curves (Chps. 7-8).
- Competitive Markets (Chp. 9, 10).
- **Midterm 2** (Chps. 6-9; tentative date: November 5, 2009, in class).
- Monopoly and Monopsony (Chp. 11).

The following will be covered if time permits

- Market Structure and Competition (Chp. 13).
- Game Theory and Strategic Behavior(Chp. 14).
- Risk and Information (Chp. 15).
- **Final Exam** (comprehensive; December 18, 2009; 4:30 pm–Location TBA).