

Economics 326: Micro Economics Syllabus

Lecture Meeting Times/Place: Monday 11-11:50, Wednesday 11-11:50 in 0130 Tydings Hall.

Professor: Ethan Kaplan
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Office: 3147B Tydings Hall
Office Hours: TBD

Teaching Assistants:

Hector Lopez Carbajal
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Office: 3143 Tydings Hall
Office Hours: Tuesday, Thursday 11AM – 12PM

Marisol Rodriguez Chatruc
Email: RodriguezChatruc@econ.umd.edu
Office: 3143 Tydings Hall
Office Hours: Monday 12-2PM

Section Times and Meetings

Section 0101 – Fridays 9AM - 1103 TLF – Hector Lopez Cabrajal
Section 0102 – Fridays 10AM – 2106 TYD – Hector Lopez Cabrajal
Section 0103 – Fridays 11AM – 1118 TYD – Marisol Rodriguez Chatruc
Section 0104 – Fridays 12PM – 1121 SQH – Marisol Rodriguez Chatruc
Section 0105 – Fridays 9AM – merged with Section 0101 (go to 1103 TLF)
Section 0106 – Wednesdays 12PM – 1101 TYD – Until 10/10: Marisal Rodriguez Chatruc; After 10/10: Hector Lopez Cabrajal

Textbooks:

(Recommended/Ordered) More advanced textbook: Walter Nicholson and Christopher Snyder, Microeconomic Theory: Basic Principles and Extensions (**11th Edition**)

Grading: Grades will be based upon two midterms, a final and 6 homeworks. All exams and homeworks will be given a numerical grade between 0 and 100. The final grade will be 30% final, 20% for each midterm and 30% homework. Your homework grade will be an average of your 5 best homeworks (i.e. we will drop your lowest grade). In addition, there will be 4 surprise quizzes which can only add to your final score up to a total possible 10% points. The final will be comprehensive; however, the second midterm will be based only on the material since the first midterm.

Class Notes: Notes will be posted to ELMS and to my website a day in advance of lecture. I will not print out lecture notes.

Problem set logistics: A soft copy of problem sets will be posted to the [university blackboard](#) and to my website: <http://econweb.umd.edu/~kaplan/>. Hard copies will not be provided. Completed problem sets will be collected in class on the day they are due; you may also put them in your TA's mailbox in the economics department office (3114 Tydings) by 4 pm on the due date. Problem sets will not be accepted over e-mail. Collaborative work on problem sets is encouraged but outright copying is not. All students must turn in individual problem sets. See below for our policy on academic integrity.

Make-up Exam Policy: All students are required to attend both mid-terms and the final exams. If a student is absent on days when exams are scheduled or homework is due, a make-up exam will be granted if a student is in compliance with university policy. The four valid excuses according to University policy are medical conditions, religious observances, participation in official University events, and compelling circumstances beyond your control. For conflicts with religious holidays and University events, you have 3 weeks to notify me so please look now at the schedule. If you do need to request a make-up exam, please send the instructor a request via email. Teaching assistants can not grant make-up exams.

Exam Regrade Policy: If you feel that there has been an error in grading or that grading has been unfair, first discuss it with your TA. If you are still dissatisfied after talking with your TA, please come and see the instructor.

Academic Integrity: The University of Maryland, College Park has a nationally recognized [Code of Academic Integrity](#), administered by the Student Honor Council. This Code sets standards applicable to all undergraduate students, and you are responsible for upholding these standards as you complete assignments and take exams in this course.

Accommodations: Students with disabilities who require special accommodations must get in touch with the instructor within the first three weeks of class. We are happy to provide for your needs. You will need to provide documentation in accordance with the Americans with Disability Act.

Prerequisites: The prerequisites for the course are both:

- (1.) **Economics Prereq.:** Having passed Economics 200 and Economics 201 and
- (2.) **Mathematics Prereq.:** Either
 - (a.) having passed Economics 300 with a grade of "C" or better or
 - (b.) concurrently taking Math 240 or 241(which implies that you have taken and passed both Calculus I and Calculus II).

For those who do not meet the prerequisites but believe that an exception could be made, please talk to Shanna Edinger in Tydings 3108C. She is the undergraduate advisor for the Economics department and only she can grant you permission into the class if you do not satisfy the

prerequisites. (She also has the right to administratively drop your registration of Econ326 if the prerequisites are not met and you do not have a special permission from her.) Any advisor outside of the Economics Department does not have the authority.

Course Outline

(Note: We will try to follow this outline but some topics may take more and others less than the allotted time)

- 1) 8/29 (W): Overview of Economics: allocation of resources; markets.
- 2) 9/5 (W): Preferences, utility representation: utility as a positive versus normative tool; utility maximization in micro-theory and utility maximization in applied contexts; criticisms of utility theory and behavioral economics. (CH 3: pp. 89-92)
- 3) 9/10 (M): Marginal utility; MRS; substitutes and complements. (CH 3, pp. 92-112)
- 4) 9/12 (W): Budget constraints; utility maximization subject to constraints. (CH 4, pp. 117-129) **(HOMEWORK 1 due).**
- 5) 9/17 (M): Marshallian demand functions; interior solutions and corner solutions; homogeneity of degree zero and money illusion. (CH 4, pp. 145-155)
- 6) 9/19 (W): Income and Price comparative statics; Hicksian demand. (CH 4, pp. 131-136; CH 5, pp. 155-160)
- 7) 9/24 (M): Substitution effects; normal goods, giffen goods, luxury goods; income effects; Slutsky decomposition. (CH 6, pp. 187-193; CH 5, pp. 160-163) **(HOMEWORK 2 due).**
- 8) 9/26 (W): Demand elasticities: own-price, cross-price and income; use in public policy debates; estimation of elasticities. (CH 5, pp. 163-169)
- 9) 10/1 (M): **MIDTERM I.**
- 10) 10/3 (W): Uncertainty; expected utility representation; failure of expected utility. (CH 7, 209-217)
- 11) 10/8 (M): Demand for assets; demand for information; asymmetry of information - application to the financial crisis and to health care. (CH 7, 217-224)
- 12) 10/10 (W): Production sets; production function; input usage, isoquants; substitution among inputs; MRTS; returns to scale; cardinality of production is cardinal. **(HOMEWORK 3)** (CH 9, pp. 303-320)
- 13) 10/15 (M): Cost minimization; profit maximization; duality. (CH 10, pp. 333-345; CH 11, pp. 371-395)
- 14) 10/17 (W): Comparative statics to the wage and price of capital. (CH 10, pp. 345-355)
- 15) 10/22 (M): Profit maximization in the short run. (CH 10, pp. 355-362)
- 16) 10/24 (W): Profit maximization in the long run. (CH 10, pp. 355-362)
- 17) 10/29 (M): Competitive equilibrium - partial equilibrium. (CH 12, 409-435)
- 18) 10/31 (W): Consumer surplus; producer surplus; welfare. **(HOMEWORK 4)** (CH 12, pp.435-438)
- 19) 11/5 (M): Incidence analysis; discussion of empirical work; distribution. (Class Notes Only)
- 20) 11/7 (W): **MIDTERM II.**
- 21) 11/12 (M): General equilibrium - Edgeworth Box; multiple equilibria; morality of marginal product; Pareto Efficiency. (CH 13, pp. 457-467)

- 22) 11/14 (W): Market clearing with one market vs. multiple markets; planning; Hayek-Lange-Lerner; Soviet Union and growth; unemployment. (Class Notes Only)
- 23) 11/19 (M): Externalities; public goods. (CH 19, pp. 685-700, pp. 703-705)
- 24) 11/21 (W): Monopoly I. (**HOMEWORK 5**) (CH 14, pp. 501-519)
- 25) 11/26 (M): Monopoly II and Monopsony. (CH 14, pp. 519-523, CH 16, pp. 595-598)
- 26) 11/28 (W): Game theory, oligopoly and monopolistic competition; simultaneous and sequential move; nash equilibrium. (CH 8, pp. 251-265, pp. 268-275, pp. 278-282)
- 27) 12/3 (M): Incomplete Information; adverse selection; moral hazard; market collapse; applications to financial crisis and health care. (CH 18, pp. 641-646, pp. 663-672)
- 28) 12/5 (W): Bargaining; transactions within firms and families. (**HOMEWORK 6**) (Lecture Notes)
- 29) 12/10 (M): Implications of economics for political and social structure; role of normative analysis in economics. (Class Notes Only)

Important Dates:

September 12 (W): Homework 1

September 24 (M): Homework 2

October 1 (M) : Midterm 1

October 10 (W): Homework 3

October 31 (W): Homework 4

November 7 (W): Midterm 2

November 21 (W): Homework 5

December 5 (W): Homework 6

December 15 (Sa): Final Exam 8-10AM