Microeconomic Theory
Economics 100B – Winter 2011
TR 12:30 – 1:45, IV THEA1
SYLLABUS

Instructor:
Zachary Grossman
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Drop-in Office Hours:  F 1:30-2:50, GIRV 1115
Individual Office Hours (by appointment only):  T 1:45-2:15,  NH 3049
Course Homepage:  http://econ.ucsb.edu/~grossman/Econ100BW11.html
Lectures:  TR 12:30 – 1:45, IV THEA1

Teaching Assistants:
Greg Leo
gleo[at]umail.ucsb.edu
OH:  TR 2-3pm, PHELP 1420
Daniel Saunders
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OH:  R 9-11, HSSB 1237
Hrishikesh (Rish) Singhani
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OH:  F 5-7pm, PHELP 1448
Anand Shukla
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OH:  F 12:30-2:30pm, TD-W 2600
Rebecca Toseland
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OH:  M 4-6pm, HSSB 2251
Kevin Welding
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OH:  M 9-11am, 434 0121

Course Overview and Objectives:
This course continues where Econ 100A left off, training you in the key principles of microeconomic theory. We will make the leap from the individual consumer and production decisions studied in 100A to analyzing how consumers and producers exchange goods. We’ll focus on markets in equilibrium, how they work, and when/how/why they fail. The goal of the course is to develop your skills at solving problems using theory and prepare you to reason about microeconomic questions with careful, systematic analysis. The emphasis in this course is on reasoning and understanding, not memorization. The skills and methods you learn will find repeated application in further economics courses and in your understanding of the economic environment in the workplace, in the news, and in general.
Required Background:

You must have passed Econ 100A to take this course. Math 34A-B and PSTAT 5E are also required. The course makes extensive use of algebra, graphs, and basic calculus. To succeed in this class you should be comfortable simplifying algebraic expressions, solving linear equations, solving systems of two equations with two variables, and taking basic derivatives.

Registration

The Economics Department Undergraduate Office handles all matters related to dropping or adding the course, wait-lists, etc. Please contact them regarding these issues. You can find a link to sign up for the waitlist on the main Economics Department homepage. During the second week of classes, the Undergraduate office will provide me with a prioritized wait-list and a limited number of access codes. Only then will I be able to admit anyone into the class.

Required Materials:

The required textbook is Intermediate Microeconomics, 7th or 8th Edition, by Hal Varian, W. Norton & Company. The associated workbook, Workouts in Intermediate Economics, 7th or 8th Edition, is recommended, but not required. (Note: the workbook originally was designated as required, but in consideration of the high cost of textbooks, the fact that it was not required for the most recent offering of Econ 100A, and the recent fee increases, I’ve decided to downgrade it to recommended and place extra copies on reserve at the library). Both texts are available from the bookstore and the textbook was required for Econ 100A. Both are available on reserve at the library. We will rely upon the numbering system from the 7th edition to refer to specific problems.

iClickers: We will use clickers in this course. You will use them to give me feedback and to check you understanding. You must have a clicker and bring it to each class. They are available at the bookstore and were required for the most recent offerings of Econ 100A. If you are buying a new one, make sure that you get the kind that the Economics Department uses—the iClicker.

Exams & Grading:

<table>
<thead>
<tr>
<th>Exam</th>
<th>Date/Time</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Midterm 1</td>
<td>Tuesday, January 25, in class</td>
<td>20%</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>Thursday, February 17 , in class</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>Tuesday, March 15, 12-3pm</td>
<td>50%</td>
</tr>
<tr>
<td>Section/Quizzes:</td>
<td></td>
<td>5%</td>
</tr>
<tr>
<td>Clickers:</td>
<td></td>
<td>5%</td>
</tr>
</tbody>
</table>

The bulk of your grade will be determined by your performance on the two midterms (20% each) and the final exam (50%). Another 5% will be determined by your participation in sections and your performance on short quizzes that you will take in section before each exam. The remaining 5% will be determined by your participation and performance on in-class clicker questions.

At the end of the term, your final average will be calculated by taking a weighted average of your exam scores, etc. according to the above percentages. This final average will be converted to a letter grade partly according to a curve and partly by absolute standards. Historically, about 15% of the class gets a grade in the A range, about 35% percent is in the B range, and about 35% gets a grade in the C range. Although the curve is not applied until the final averages are computed, after each midterm I will tell you the 85th, 50th, and 15th percentile scores, so you can get a rough idea of the letter grade that corresponds to your score.
The first midterm will only test material covered until then; the second midterm will focus on material learned after the first midterm, but will necessarily rely on some earlier material as well. The final exam will cover material from the entire quarter, but will focus on the later material.

Exam Policy:

There will be two midterm exams and a final exam. The exams will be closed-book and will consist of a block of multiple-choice questions (~10-15 on the midterms), followed by a few problems with longer answers. **For each exam please bring a blue-book (full-sized); a large (full-page, pink, ParScore) scantron sheet; and a number 2 pencil.** Pens are optional. No electronic devices (calculators, phones, computers, combinations thereof) are allowed in any of the exams (abacus, slide-rule: ok). Any person observed with such a device in hand or visible will be deemed in violation of class policy and given a failing grade for the course.

The midterms will be held in class on Tuesday, January 25 and Thursday, February 17 and the final exam will be held on Tuesday March 15, 12-3pm in IV THEA1. You are expected to take all three exams. Please clear your schedule now for these dates. If you cannot attend all of the exams, you should not take this class this quarter.

I occasionally get requests from students (either in advance or after-the-fact) for permission to miss a quiz or midterm. The course grading policy laid out in the syllabus is the standard by which your performance in the class is evaluated. For me to agree to apply a different standard to you than I do to everyone else by not giving you a zero for missing an exam, you have to convince me that there is a very good reason to do so. There are NO makeup exams or quizzes for any reason.

On very rare occasions, students who miss a midterm because of a last-minute emergency are allowed to replace the zero-grade with the weighted average of the other two exams. This almost always requires approval before the exam or immediately after. For me to approve this, you would have to provide me with official evidence documenting that you are incapable of taking the exam. If you did not seek approval in advance, you have 36 hours after the start of the exam to notify me of your absence and your intent to provide an excuse for why you were not there and why you were incapable of obtaining advance approval. If you miss an exam and do not obtain approval under this policy, you will get a zero for the exam. Under no circumstances will this policy be applied more than once during the quarter for the same person. If you miss more than one exam you will not pass the class.

The following are examples of valid excuses for missing an exam: hospitalization within the past 24 hours, death of immediate family member (parent, sibling, child) within the last 5 days. On the other hand, here are examples of things that are not valid excuses for missing an exam: non-hospitalized flu, cold, headache, pain, injury, allergic reaction; death of grandparent, aunt, uncle, cousin, etc.; non-recent (more than 10 days) death of immediate family member (parent, sibling, child).

If you believe an exam has not been properly graded, you must submit a written re-grade request to your TA within one week of receiving your exam back. You must explain clearly why you believe your score is in error. We will take a second look at your exam and consider your request. We may revise your score upward or downward, but in the vast majority of cases we make no change. **Note that once you leave a section/office/class with a returned exam in your possession, you relinquish your ability to request a re-grade.** If you are looking at the exam, but would like to make a request at a later time (within the deadline) you may give the exam back to your TA or professor to hold onto until you are able to write the request.
Academic Integrity:
Please review the University’s policies on academic integrity. Some useful guides are found on
the Office of Judicial Affairs’ website:
http://judicialaffairs.sa.ucsb.edu/StudentResources.aspx
Per the university’s policy on academic conduct, all academic dishonesty, such as plagiarism and other
forms of cheating, will be strictly policed and met with disciplinary actions.

Communication:
Please check the course homepage regularly for up-to-date information. It has a
prominent announcements section and FAQ, to which I will add throughout the quarter as new
questions arise.

If you have a quick question or an administrative issue, the best way to reach me is by email.
Before contacting me, please check the course homepage, particularly the announcements, FAQ and
syllabus, as your question may already have been addressed in one of those places. Due to the high
volume of emails, if you ask me a question that has an answer that can readily be found on the course
homepage, announcements, syllabus, or FAQ, I may simply reply with the suggestion that you look in
these places. Please include ECON 100B in the subject line of any class-related email. I strive to
answer all emails in a timely manner—I aim to get back to you within 24 hours. However, I will not
respond to questions sent within the last 24 hours before the start of an exam.

If you have a question about course content you may email either me or your TA, though—due
to the sheer number of students in the class—you may get a faster response from your TA. Ask
questions that are specific: “Here’s a Stackelberg duopoly problem that I tried, but I got stuck on
solving for the follower’s output. Also, can you verify whether I got the leader’s reaction function
correct?” is much better than “What’s up with oligopoly?”

The TAs will each hold two hours of office hours per week and I will hold drop-on office hours
from one hour each Friday from 1:30 – 3pm. This means that we will collectively be available to talk
with you/answer questions outside of class for almost fourteen hours each week. If you have a conflict
with one person’s OH, you should be able to find another person who can answer your questions.
Because the class is so large, office hours can sometimes be crowded. In response to this we have
reserved classrooms for OH. The schedule and locations for OH are listed on the first page of this
syllabus. I will also hold 30 minutes of OH immediately following class on Tuesdays. These OH are
reserved for students who would like to speak to me individually about academic or administrative
matters.

The TAs will hold a review session before the final exam on Saturday, March 12, 4-6pm, in NH
1006. Because there are so many hours of OH offered each week, we will not hold supplementary
review sessions before the midterms. Take advantage of your section and OH time!

DSP:
Students with disabilities will be accorded academic accommodations. If you require such an
accommodation, please let me know at the beginning of the term using the forms provided by the DSP
office. You are required to request the accommodations in advance of each relevant class activity (e.g.
exam) and the accommodations will be arranged through the DSP office and the Economics Department
Undergraduate Office. If you are uncertain how to go about doing this, please contact the DSP office.
You are scheduled to attend one section meeting per week. Section meetings will be devoted to answering students’ questions and solving problems, mainly from *Workouts in Microeconomic Theory*. Exactly three times during the quarter—once during week 2 (January 10-14), once during week 5 (January 31 – February 4), and once during week 9 (February 28 – March 4)—there will be a very short quiz in section. These quizzes are meant to be largely diagnostic and have only a modest impact on your grade. The results of these quizzes, as well as your participation in section will contribute 5% of your overall grade.

You must attend the section for which you are registered, unless you have the written consent of both the TA for the section that you will be attending and the TA for the section for which you are registered.

**How to Succeed in this Course:**

You must be an active participant in this class if you expect success. It is important to read the chapters in the text and do as many of the practice problems as you can. First try them on your own and before your section, then work with others to finish what you could not do by yourself.

On the schedule (on the last page of the syllabus) I have suggested workouts from Bergstrom & Varian (the recommended workbook) that you should try. I will occasionally post other practice problems to the website and I have posted a number of old exams and practice questions. It is important that you attempt to do as many of these problems as possible and that you attempt them before you see the solutions. We will work through many of these exercises in section and OH, but this will be much less helpful to you if you have not seriously attempted them on your own first. If you carefully review all the recommended problems you should feel like you did the minimum amount to prepare for exams. You will not turn in any of these problems and they will not be graded. Answers to the even-numbered workouts are provided in the back of the workout book.

Come to the lecture. I will usually post lecture notes before each lecture, which you may want to print and bring to class. If you do not understand something in the lecture, ask for clarification. Attend your section. Come to office hours with questions. Identify the workouts/exam/quiz/practice questions that give you trouble and use all the resources at your disposal to understand them immediately, rather than waiting until a week before the exam.
Tentative Outline and Schedule:
(This is subject to change. Please check the course website regularly for announcements and updates.)

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
<th>Reading (Chapter)</th>
<th>Recommended B&amp;V Workouts</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>January Introduction, Uncertainty</td>
<td>12</td>
<td>All</td>
</tr>
<tr>
<td>6</td>
<td>Uncertainty</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Welfare/Consumer surplus</td>
<td>14</td>
<td>14.1-3, 14.8</td>
</tr>
<tr>
<td>13</td>
<td>Market Demand</td>
<td>15</td>
<td>All</td>
</tr>
<tr>
<td>18</td>
<td>Equilibrium</td>
<td>16</td>
<td>16.1-5, 16.9-12</td>
</tr>
<tr>
<td>20</td>
<td>Equilibrium</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td><strong>Midterm 1</strong></td>
<td>Covers: 12, 14-16</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>February Monopoly</td>
<td>24</td>
<td>24.1-5</td>
</tr>
<tr>
<td>1</td>
<td>Monopoly</td>
<td>24/25</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Monopoly Behavior</td>
<td>25</td>
<td>25.1-8</td>
</tr>
<tr>
<td>8</td>
<td>Oligopoly</td>
<td>27</td>
<td>27.1-5, 27.7</td>
</tr>
<tr>
<td>10</td>
<td>Oligopoly</td>
<td>27</td>
<td></td>
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<tr>
<td>15</td>
<td>Exchange</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td><strong>Midterm 2</strong></td>
<td>Covers: 24-25, 27</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>March Exchange</td>
<td>31</td>
<td>31.1-5</td>
</tr>
<tr>
<td>24</td>
<td>Externalities</td>
<td>34</td>
<td>34.1-4, 34.6,</td>
</tr>
<tr>
<td>1</td>
<td>March Externalities</td>
<td>34</td>
<td>34.8-11</td>
</tr>
<tr>
<td>3</td>
<td>Public Goods</td>
<td>36</td>
<td>All</td>
</tr>
<tr>
<td>8</td>
<td>Public Goods</td>
<td>36</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Recap</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 (Tuesday)</td>
<td>Final Exam</td>
<td>Covers: all of the above chapters, emph. on 31,34,36</td>
<td></td>
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</tbody>
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