



Class Meetings

We will meet Monday, Tuesday, Wednesday and Thursday from 8:00a to 9:50a in ECJ 1.202 for lecture and discussion. Lectures will be devoted mainly to covering new material. Each Friday, a recitation and review session will be held by my teaching assistants. (Please consult your class schedule for the time and location of your Friday review session.) These sessions will be devoted to reviewing topics I have covered, working practice problems that I have assigned, or going over practice exams.

ECO 421K Section	Friday Location	Friday Time	TA
81015	BRB 2.136	8:00a–10:00a	Anjali Priya
81020	GAR 1.126	8:00a–10:00a	Sadhika Bagga
81025	BRB 2.136	10:00a–12:00p	Sadhika Bagga
81030	GAR 1.126	1:00p–3:00p	Anjali Priya

Grading

Your course grade will be determined by your performance on two non-cumulative midterm exams and a cumulative final exam. Each midterm (90 points each) counts for 30% of your grade and the final exam (120 points) counts for the remaining 40% of your grade. Grading will be on a curve, by which I simply mean that your grade will depend on your cumulative course points relative to the cumulative course point distribution for the entire class. Past history and Economics Department policy suggest that the final course grade distribution will be very close to 15% A, 10% A-, 15% B+, 10% B, 10% B-, 15% C+, 10% C, 10% C-, and 5% D and F.

Exam Policy

Exam dates are listed in the Spring 2018 Schedule at the end of this document. All exams will be closed book, closed note. Calculators are permitted, but they must be simple and non-programmable.

Please verify now that you will be able to attend all of the exam dates, including the final exam. If you miss an exam due to an emergency, please document your emergency with Student Emergency Services (<http://deanofstudents.utexas.edu/emergency/>) as soon as you are able to. They will, in turn, notify me (along with the rest of your professors). A missed midterm exam will only be excused without penalty if the absence is due to a *verifiable emergency*³ or some other reason that the university explicitly accepts as legitimate. In this case, the weight of the comprehensive final exam will be scaled up to 70%. This policy only applies to one missed midterm exam. If you miss both midterm exams, you must drop the class. If you have an official

³ A verifiable emergency is a situation where you unexpectedly have to miss an exam, and you can provide documentation of the emergency situation which precluded you attending that exam. A note that you visited University Health Services is not considered to be verified documentation of an emergency.

university related conflict that you know of in advance, you may schedule a makeup exam in advance, and only with proper documentation of your conflict. Unexcused missed exams will not be rescheduled and will receive a score of zero. A missed final exam will also receive a score of zero. Finally, note that **I never give early exams for any reason.**

Practice Problems

I will provide many practice problems for you to work out. Answers will be made available to you, but solutions are to be worked out during Friday review sessions. Even though they carry no explicit weight in the class, I cannot overemphasize the importance of keeping current with the practice problems. There is no good substitute for solving problems as a way to master the course material, and doing well on the exams will depend critically on your ability to solve problems. Thus, you have ample incentive to do the practice problems even though they do not contribute directly to your course grade.

Succeeding in the Course

Overall, I think there is a simple recipe for success in the course:

- (1) come to every lecture and take notes carefully
- (2) ask questions during lecture if something is unclear
- (3) review the notes and do the practice problems repeatedly
- (4) review the textbook to shore up concepts
- (5) use the Friday sessions to review concepts and practice problems

Accommodations for Students with Disabilities

Students with disabilities may request appropriate academic accommodations from the Division of Diversity and Community Engagement, Services for Students with Disabilities (<http://diversity.utexas.edu/disability/>). **All SSD students are to make exam accommodation requests directly with the SSD testing center, at least two weeks in advance of each exam. You will take your exams at the SSD testing center.** Please schedule your midterm exams as early as possible on the day immediately following our evening exam. You may schedule your final during our official final exam time. If you fail to schedule your exams with SSD, you must take them at the normal time with the rest of the class.

A Note on Final Grades

I think very carefully before I assign the point cutoffs for grades in this class. Once the cutoffs for the grade distribution are determined, they are absolutely final and **I never give special preference to any individual student who wants to be bumped up to a higher grade.**

Summer 2018 Schedule

Week	Days	Topic(s)	Chapters
1	Jul 16	Models, optimization, demand, supply, equilibrium, comparative statics; The budget constraint, the budget line, changes to the budget line, taxes, subsidies	1 2
	Jul 17	Consumer preferences, assumptions about preferences, indifference curves, examples, perfect substitutes and complements, bads, neutrals, satiation, well-behaved preferences, marginal rate of substitution; Utility functions, ordinal utility, indifference curves	3 4
	Jul 18	Perfect substitutes and complements, quasilinear preferences, Cobb-Douglas preferences, marginal utility; Optimal choice, interior and boundary optimums, optimal choice with perfect substitutes and complements, concave preferences, Cobb-Douglas preferences; The Lagrangian method, the MRS condition	4 5 5A
	Jul 19	Demand, normal and inferior goods, income offer curve, Engel curve, price offer curve, inverse demand; Substitution effect, income effect, total effect, law of demand	6 8
2	Jul 23	Buying and selling, budget constraint applications, the leisure/labor model	9
	Jul 24	Intertemporal budget constraint, intertemporal consumption, present value	10
	Jul 25	Asset markets, arbitrage and PV, assets with consumption returns, taxation of asset returns	11
	Jul 26	Uncertainty and contingent consumption, utility functions and probabilities, expected utility, risk aversion, insurance, diversification	12
3	Jul 30	Midterm Exam #1: 7:45a–9:45a ECJ 1.202	
	Jul 31	Risky assets, mean-variance utility, measuring risk, equilibrium for risky asset markets	13
	Aug 1	Market demand, elasticity, elasticity and demand, elasticity and revenue, constant elasticity demands, marginal revenue, income elasticity	15

	Aug 2	Supply, market equilibrium, comparative statics, taxes and passing along a tax, deadweight loss; Industry supply, long-run supply, zero economic profit	16 24
4	Aug 6	Monopoly, profit maximization, optimal markup, natural monopoly and MES	25
	Aug 7	Price discrimination, types, bundling, product differentiation and monopolistic competition	26
	Aug 8	Oligopoly strategies, price and quantity leadership, Cournot, Stackelberg, Bertrand, collusion and punishment	28
	Aug 9	Catch Up and Review	
5	Aug 13	Midterm Exam #2: 7:45a–9:45a ECJ 1.202	
	Aug 14	Game theory, dominant strategy, Nash equilibrium, mixed strategy, Prisoner's Dilemma, repeated games, sequential games	29
	Aug 15	Game applications, games of coordination, games of competition, games of coexistence, games of commitment, bargaining	30
	Aug 16	Game theory business applications; Catch up and review	
	Aug 18	Final Exam: 7:00p–10:00p room TBA	