

EPH 3010

FOUNDATIONS OF MICROECONOMICS II

(3.0 credits) Fall 2026 - Syllabus



Schedule: Monday / Wednesday – 8:30-9:45 AM
Location: Scarbrough Building: Hamilton - Classroom 310
Instructor(s): JP Bastos
Email: jbastos@uaustin.org
Office Hours: TBD

Course Description

This advanced course in microeconomics covers the following topics: cost functions and their relation to market supply, the effects of entry and exit by producers on long-run market equilibrium, the constant returns to scale production function, the Solow Growth model, the decomposition of output growth into the weighted growth of the factors of production and the growth rate of productivity, the marginal product theory of income distribution, the meaning and importance of expected inflation and the real interest rate, time preference, durable asset returns and their relationship to interest rates and present values, the life cycle-permanent income hypothesis of consumer behavior, and finally, deviations from perfect competition, the inefficiencies they can create, and the regulatory policies that have been developed to mitigate or prevent these deviations.

Course Objectives & Learning Outcomes

- Students will learn how prices function as information and incentives that coordinate behavior across markets — and how straightforward supply-and-demand reasoning can be applied to explain a wide range of problems.
- Students will develop strong problem-solving skills and economic intuition by practicing how to apply these core tools to real questions, learning to quickly see the key margins, incentives, and equilibrium adjustments at work.
- Consumer theory: preferences, indifference curves, budget constraints, utility maximization, derivation of demand, elasticities, income and substitution effects, consumer surplus, and dead-weight loss.
- Production theory: production functions, cost minimization, profit maximization, and cost functions as the foundation of market supply.
- Competition and Market equilibrium: the competitive firm, effects of entry and exit on long-run competitive equilibrium.

- Understanding the effects of various policies, such as taxation, subsidies, tariffs, and price controls, and the economic toolkit used to analyze them.

Assigned Texts

Our textbook will be Steven E. Landsburg's *Price Theory and Applications* (9th Edition). Please read the assigned chapters listed in the schedule below before each class.

We will spend most of class times solving problems together to walk you through the intuition behind the models. You are encouraged to practice some of the problems from the book before class.

Additionally, you should read Landsburg's *WSJ* article (available in Populi) before our third meeting, when the Econ starts.¹ I may assign additional short articles during the semester, in which case I will let you know in advance.

Additional Resources

While I don't require that students read the contents listed there, I highly recommend that you read my *Price Theory: A Reading Guide* to be familiar with the many resources available. In special, in the case you want a different example or additional practice with problems on a given topic, I recommend McCloskey's *The Applied Theory of Price* (1985), which is available for free on the [author's website](#). I will be using many of the examples and problems in class and in exams. As a matter of history of Economics, McCloskey taught Price Theory to Landsburg, the author of our textbook, at the University of Chicago, so you'll notice the resemblance.

Moreover, I created a folder in Populi with my lecture notes for EPH 1100 - Analytical Tools for Economics and Political Science. These cover the mathematical foundations of many of the models you will see in this class. Use them as a review of these tools and to practice your problem-solving skills.

Video Resources

For reviews and intuitive explanations of the main concepts

- [Marginal Revolution University](#)

For math review and learning how to solve problems:

- [Edward Glaeser's Math Tools for Intermediate Micro](#)
- [Economics in Many Lessons](#)
- [Chicago Price Theory](#)

¹Landsburg, Steven E. "What Aspiring Economists Aren't Being Taught", The Wall Street Journal, August 2, 2024.

Grading Policy

Course grades are on a 100-point scale. All professors are required to target a course average of 85/100. See the UATX Academic Catalog for complete grading policy details.

Grades will be weighted as follows:

- **10% Class Participation.** Students will be called on during class to answer questions, come to the board, and to engage. You will be called on randomly, so come to class prepared.
- **10% Homework** (*pass/fail*). You are encouraged to work together. Homework will not be graded for correctness, only for completion. Late homework will be accepted but penalized.
- **15% Quizzes.** Written quizzes will be given at the start of a handful of random classes as a means of assessing your understanding of the readings and prior seminars.
- **30% Mid-term exam.**
- **35% Final exam.**

Schedule of Class

Week	Date	Reading/Topic
1	Aug. 31 Sep. 2	Intro, math diagnostic and review Math review continues
2	Sep. 7 Sep. 9	No Class - Labor Day Landsburg's WSJ article Supply & Demand (Ch. 1) Consumer and Producer Surplus (Ch 8.1, pp. 219-30)
3	Sep. 14 Sep. 16	Prices, Costs, and the Gains from Trade (Ch. 2) Consumer Theory 1: tastes, indifference curves, budget line, consumer's choice (Ch 3.1-3.2)
4	Sep. 21 Sep. 23	Consumer Theory 2: applications of indifference curves (Ch. 3.3) Consumer Theory 3: income changes, price changes, budget line shifts, the Engel curve (Ch. 4.1-4.2)
5	Sep. 28 Sep. 30	Consumer Theory 4: income/substitution effects, elasticities (Ch. 4.3-4.4) Review
6	Oct. 5 Oct. 7	Midterm Exam Producer Theory 1: weighing costs and benefits, the equimarginal principle, firm revenue and costs (Ch. 5)
7	Oct. 12 Oct. 14	Producer Theory 2: short-run production and costs, product curves, short-run cost curves (Ch. 6.1) Producer Theory 3: long-run production, isoquants, cost minimization, returns to scale (Ch. 6.2)
8	Oct. 19 Oct. 21	Producer Theory 4: relating short-run and long-run costs; wrap-up (Ch. 6.3) Competitive Industry 1: the competitive firm's supply decision, short-run industry supply and equilibrium (Ch. 7.1-7.2)
9	Oct. 28 Nov. 2	Competitive Industry 2: long-run firm behavior, entry/exit, long-run industry equilibrium (Ch. 7.3-7.4-7.7) Welfare Economics 1: Efficiency, Taxation (Ch. 8.2,8-3) (also see the examples on Ch. 7-6)
10	Nov. 4 Nov. 9	Welfare Economics 2: Price Ceilings and Tariffs (Ch. 8.3) (also see the examples on Ch. 7-6) Review
Finals	TBD	Final Exam

Standardized Information for All Courses

Attendance

- Attendance is mandatory. Punctuality and attendance will be noted.
- Each student may miss 10% of classes for any reason, with no excuse needed, and without penalty: 1, 2, or 3 classes, respectively, in a 1.5, 3, or 4.5 credit course. Each additional absence (for any reason) will result in a 4%, 6%, or 12% final grade penalty for a 4.5, 3.0, or 1.5 credit course, respectively.
- Tardiness of 20 minutes counts as an unapproved absence.
- Missing more than 25% of the classes in a course (without medical excuse), including “free” absences, will result in failing the course.
- Medical absences must be approved by the University Dean and communicated by the Dean to the instructor.

Accessibility Statement

Please review the University Accessibility Statement in the student catalog. Students having special needs should contact the Polaris Center or email Accomodations@uaustin.org.

Disability Support Services: The university will make reasonable accommodations for students with disabilities in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. The purpose of accommodations is to provide equal access to educational opportunities for eligible students with academic and/or physical disabilities.

Electronics

Please do not use laptops, iPads, cell phones, or any other electronic devices during class without explicit permission from the instructor. I will allow iPads/Tablets for note-taking, provided they lie flat on your table at all times and you use a pen to write (not type) your notes. I reserve the right to revoke this policy at any time.

Academic Misconduct

Instructors at UATX have the authority to assess possible plagiarism, unauthorized use of artificial intelligence, and other forms of cheating in their courses. Normally, cheating will result in failing the assignment.