The University of Western Ontario  
Department of Economics  
Intermediate Microeconomic Theory II  
ECONOMICS 2151B-001  
Summer 2015

Instructor: Hiro Mori  
Lecture Time and Location: T, Th 19:00-22:00, Physics and Astronomy Building 148  
Course Website: https://owl.uwo.ca  
Undergraduate Inquiries: 519-661-3507, SSC 4075 or email to econugrd@uwo.ca  
Email: hmori@uwo.ca (Please use subject “Econ 2151” in all emails)  
Office Hours: W 11:00-13:00, SSC 4062

Course Description:
This course is the second in the microeconomic theory sequence and will focus on the rational behaviour of decision-makers participating in markets that are not necessarily competitive. Building on the tools developed in Economics 2150, we first consider cases where firms have market power, or the ability to manipulate market outcomes through one’s own actions. We will study various imperfectly competitive market structures and show how competition affects consumers, producers and the economy as a whole. This course will introduce new analytical tools in order to study how economic agents can act strategically in order to manipulate market outcomes, which will allow students to have new insights into the effects of economic policy when agents can behave strategically. Finally, this course will discuss typical markets that are unlikely to achieve efficient resource allocations by introducing the concept of externalities and public goods.

Learning Outcomes:
As a result of taking this course, students will understand the basic microeconomic concepts and tools that are required for more advanced economics courses, and be able to apply them to analyze real life economic situations. Specifically, students should be comfortable identifying market structures, understanding and predicting general equilibrium effects and determining consequences of strategic interactions between economic agents. Further, students will learn to identify the situations when market performance is unlikely to be optimal and will be able to evaluate and communicate the welfare implications of alternative allocation mechanisms including government interventions.
Textbook:


It is required that students have access to the textbook, and they are highly recommended to have the study guide as well. A copy of the textbook will be available in the reserve section of the Weldon library once the term begins.

Registration:

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release your marks until your registration is corrected. If you notice a problem, please contact your faculty academic counsellor right away.

Prerequisites:

*Economics 2150A/B.*

You are responsible for ensuring that you have successfully completed all course prerequisites. Lack of prerequisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

Assessment:

The course grade will be based on six pop quizzes, three assignments, a midterm exam and a final exam. The distribution of the marks is as follows:

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pop quizzes (6)</td>
<td>10% (Best 5 out of 6)</td>
</tr>
<tr>
<td>Assignments (3)</td>
<td>30%</td>
</tr>
<tr>
<td>Midterm exam</td>
<td>30%</td>
</tr>
<tr>
<td>Final exam</td>
<td>30%</td>
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</tbody>
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*Pop Quizzes:* Six quizzes will be given at the beginning of class. The times will (usually) be announced at the end of the previous lecture and will cover the material from that lecture. The difficulty of these quizzes will be minimal. The point of these quizzes is to reward students for coming to class and paying attention as well as serve as a check that the previous material was well understood. The best five out of six quiz marks will account for 10% of the final grade.
Assignments: Three assignments will be posted to the course website on the dates indicated below in the course schedule. Typically, students will be given one week to complete each assignment. Students are permitted to work in groups of up to three students and to submit a single copy of their solutions per group. Assignments are due at the start of the day’s lecture.

Exams: Midterm and final exams will contain multiple choice problems as well as short answer problems. Midterm will be held in class. All exams are closed book. All electronic devices, except for a non-programmable calculator, will be prohibited during exams. Final exam date will be TBA.

Policy Regarding Late/Missed Assignments or Quizzes: If a student is unable to write one of the quizzes, it will be counted as their dropped quiz. Any subsequent missed quizzes will be given a grade of zero. Late assignments will be assessed a 10% penalty the first day, and not accepted subsequently. If a student fails to submit an assignment on time, and has a valid reason, it is their responsibility to contact the instructor and explain the reason. Proof supporting this reason may be requested by the instructor.

Policy Regarding Missing Midterm Exam: There will be no make-up midterm. If a midterm is missed for acceptable reasons, the assessment will re-weigh the term grade accordingly. Students must provide medical or other relevant documentation that support their reasons for the absence to the Academic Counselling Office of your home Faculty.

Course Topics:

1. Seizing Market Power: Economics of Monopoly (Chapter 11)
2. Pricing Strategies to Capture Surplus (Chapter 12)
3. Strategic Behaviour and Game Theory (Chapters 13 & 14)
4. Making Decisions under Risk (Chapter 15)
5. Externalities and Public Goods (Chapter 17)
6. General Equilibrium Theory (Chapter 16; time permitting)
Course Schedule:

Please note that the following is a tentative schedule for the course. Assignments and material to be covered are subject to change. All changes in schedule and deadlines will be announced in class in advance. Students are responsible for learning about these changes.

<table>
<thead>
<tr>
<th>Date</th>
<th>Events &amp; Materials to be covered</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 16</td>
<td>First day of class, Chapter 11</td>
<td>Assignment #1 is assigned</td>
</tr>
<tr>
<td>June 18</td>
<td>Chapter 12</td>
<td></td>
</tr>
<tr>
<td>June 23</td>
<td>Chapter 12</td>
<td>Assignment #2 is assigned</td>
</tr>
<tr>
<td>June 25</td>
<td>Chapter 14</td>
<td>Assignment #1 is due</td>
</tr>
<tr>
<td>June 30</td>
<td>Chapters 13-14</td>
<td></td>
</tr>
<tr>
<td>July 2</td>
<td>Review for midterm</td>
<td>Assignment #2 is due</td>
</tr>
<tr>
<td>July 7</td>
<td>Midterm exam</td>
<td></td>
</tr>
<tr>
<td>July 9</td>
<td>Chapter 15</td>
<td>Assignment #3 is assigned</td>
</tr>
<tr>
<td>July 14</td>
<td>Chapter 15</td>
<td></td>
</tr>
<tr>
<td>July 16</td>
<td>Chapter 17</td>
<td></td>
</tr>
<tr>
<td>July 21</td>
<td>Chapter 17</td>
<td>Assignment #3 is due</td>
</tr>
<tr>
<td>July 23</td>
<td>Review for final, Chapter 16 (time permitting)</td>
<td></td>
</tr>
<tr>
<td>TBA</td>
<td>Final exam</td>
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</table>
Please Note

Remember that the University expects all students to take responsibility for their own academic programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at [http://westerncalendar.uwo.ca](http://westerncalendar.uwo.ca).


3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behaviour. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.

4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at [http://westerncalendar.uwo.ca/2015/pg113.html](http://westerncalendar.uwo.ca/2015/pg113.html).

   The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.

6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar ([http://westerncalendar.uwo.ca/2015/pg112.html](http://westerncalendar.uwo.ca/2015/pg112.html)). Please note the relevant deadlines.

   The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at [http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals](http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals)
7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is not grounds for an appeal.

8. Note the following add and drop deadlines:

**Dates for adding courses in the summer:**
- Last day to add a Distance Studies Course: Friday, May 8, 2015
- Last day to add an Intersession Course: Tuesday, May 12, 2015
- Last day to add a first term half course Summer Evening: Friday, May 8, 2015
- Last day to add a second term half course Summer Evening: Friday, June 19, 2015

**Dates for dropping Courses in the summer:**
- Last day to drop a Distance Studies Course: Friday, May 29, 2015
- Last day to drop an Intersession Course: Thursday, May 21, 2015
- Last day to drop a first term half course Summer Evening: Friday, May 15, 2015
- Last day to drop a second term half course Summer Evening: Friday, June 26, 2015

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

**Policy Regarding Makeup Tests and Final Examinations**

*Academic Accommodation will not be granted automatically on request. You must demonstrate by documentation that there are compelling medical or compassionate grounds before academic accommodation will be considered.*

If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is not permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within 24 hours of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at econugrd@uwo.ca (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your home Faculty as soon as possible (preferably within 24 hours of the test) if you know you may not be able to write your final examination on the scheduled day.
and time. Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf. Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counselor. If your documentation is judged sufficient, the academic counselor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor ASAP to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your home Faculty Counsellor, your instructor, and the Department Chair. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Chair and that the form is returned to the Academic Counseling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

Policies Regarding Academic Accommodation

Information about the Faculty of Social Science’s policies regarding academic accommodation is found on its website at http://counselling.ssc.uwo.ca/procedures/havingproblems.asp or in Social Science Room 2105. Your “Academic Rights and Responsibilities” are also outlined in the current UWO Calendar at http://westerncalendar.uwo.ca/2015/pg111.html. Claiming that “you didn’t know what to do” is not an acceptable excuse for not following the stated procedures.

Policy Regarding Class Attendance

If your instructor views your class attendance as unsatisfactory, you can be debarred from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

Statement on Mental Health and Support Services

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit http://www.uwo.ca/uwocom/mentalhealth/ for more information and a complete list of resources, as well as how to obtain help.