

The University of Western Ontario
Department of Economics
Intermediate Microeconomic Theory II
ECONOMICS 2151B-001
Summer 2016

Instructor: Bohan Li

Lecture Time and Location: T, Th 7:00pm - 10:00pm, SSC 3028

Office Hours: T, Th 4:00pm - 5:00pm, SSC 4048

Email: bli296@uwo.ca (Please use subject “[Econ 2151]” in all emails)

Course Website: <https://owl.uwo.ca>

Undergraduate Inquiries: 519-661-3507, SSC 4075, or email to econugrd@uwo.ca

Course Description:

This is the second course in the microeconomic theory sequence. In the previous course, you learned how to set up and solve the consumer’s and producer’s problems, and how to solve for the equilibrium of competitive markets. In this course, you will learn tools used to analyze non-competitive markets and market failures. Topics covered in this course include how firms with pricing power choose price and quantity, an introduction to game theory, and other features of markets which can create inefficient outcomes.

I highly recommend coming to all classes on time. My goal for the classes is to reduce the amount of your time you need to spend to master the material. At the beginning of each class, you will be given a low-stakes quiz. These quizzes are designed to check your understanding of the material. Beyond the quizzes, a large component of the class will include time to work on example problems.

Textbook:

Besanko, David, and Ronald R. Brauetigam, *Microeconomics*, 5th edition, John Wiley and Sons, Inc., 2013.

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.

The course will cover material beyond the textbook, and this material can show up on quizzes and exams. Please consult the lecture notes for these materials.

Learning Outcomes:

After completing this course, a successful student will be able to:

1. Define in words and equations the terms we use in class to understand monopolies, market failure, strategic games, and general equilibrium.
2. Translate assumptions about the agents' preferences, constraints, and beliefs and the market's features into mathematical expressions.
3. Solve constrained optimization problems which arise from models of monopolies, market failures, strategic games, and general equilibrium.
4. Compare the outcomes of models with and without monopolies, market failure, and other strategic interactions (e.g. oligopolies) from the standard of Pareto efficiency.
5. Describe how firms and other groups with market power choose price and quantity, and its implication on equilibrium outcomes.
6. Find the Nash Equilibrium of normal-form and extensive-form games through iterated elimination of dominated strategies.
7. Explain why market failures may create inefficient outcomes and how policy measures may be able to correct them.

These learning objectives apply to the topics covered in class and their basic extensions.

Tentative Course Schedule:

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

Date	Agenda	Textbook
June 21	First day of class, Review perfect competition & surplus	Ch. 9, 10
June 23	Monopolies (skip surplus)	Ch. 11
June 28	Monopolies and surplus, Price discrimination	Ch 11, Ch. 12
June 30	Introduction to game theory and pure strategy Nash Equilibrium	Ch 14
July 5	Midterm exam 1 (covers June 21 - June 28)	
July 7	Expected utility theory and mixed-strategy Nash Equilibrium	Ch 15
July 12	Oligopolies and auctions	Ch 13, Ch 15
July 14	Asymmetric information and moral hazard	Ch 15
July 19	Midterm exam 2 (covers June 30, July 7 - 12)	
July 21	Externalities and public goods	Ch 17
July 26	General equilibrium	Ch 16
July 28	Review for final	
TBA	Final exam (cumulative)	

Assessment:

The course grade will be based on nine quizzes, two midterm exams, and a final exam. The distribution of the marks is as follows:

Assessment	Weight
Quiz (9 total)	15% (see note in Quizzes, below)
Midterm exam 1	25%
Midterm exam 2	25%
Final exam	35%

Quizzes: A 15-minute quiz will be given at the beginning of each class, except for the first class and exam days. These quizzes will cover material from the previous lecture and are designed to test your understanding of the material. Your performance on these quizzes can only help you. **If you receive a grade on a quiz that's lower than the grade you receive on the exam following that quiz, those quiz grades (weighted 1.5% each) will be replaced by the exam's grade.**

Exams: Midterm and final exams will contain multiple choice problems as well as short answer problems. Midterm will be held in class at the normal time. All exams are closed book. All electronic devices, except for a non-programmable calculator, will be prohibited during exams. Final exam date is TBA and will be announced when it's determined.

Policy Regarding Missed Quizzes: There are no make-ups for quizzes. Students arriving after the start of a quiz will not be given extra time. A missed quiz will be given a grade of 0 and will be replaced by the next exam's grade.

Policy Regarding Missing Midterm Exam: If a midterm exam is missed for acceptable reasons, a make-up exam will be provided if the student is able to take it within 5 days of the exam date. Otherwise, the assessment will be adjusted to redistribute the missed midterm exam's weight to the other exams (including the final exam). Students must provide medical or other relevant documentation that support their reasons for the absence to the Academic Counselling Office of your home Faculty.

Registration:

You are responsible for ensuring you are registered in the correct courses. If you are not registered in a course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

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.

Please Note

Department Policies – Summer 2016

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>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” <http://westerncalendar.uwo.ca/2016/pg136.html>.
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/2016/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/2016/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

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 <u>add</u> a Distance Studies Course	Monday, May 13, 2016
Last day to <u>add</u> an Intersession Course:	Tuesday, May 17, 2016
Last day to <u>add</u> a first term half course Summer Evening:	Friday, May 8, 2016
Last day to <u>add</u> a second term half course Summer Evening:	Friday, June 24, 2016

Dates for **dropping** Courses in the summer:

Last day to <u>drop</u> a Distance Studies Course	Monday, June 13, 2016
Last day to <u>drop</u> an Intersession Course	Monday, June 6, 2016
Last day to <u>drop</u> a first term half course Summer Evening:	Monday, June 6, 2016
Last day to <u>drop</u> a second term half course Summer Evening:	Friday, July 18, 2016

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 Counsellor. 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/2016/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.