Intermediate Microeconomic Theory II
ECONOMICS EC2151B-001
Department of Economics
Western University

Zhuang Liu

Office: SSC 4080
Phone: (519) 661-2111 ext. 85242
E-mail: zliu328@uwo.ca
Office Hours: Tuesday and Thursday, 3-4 pm
Classroom meeting time(s) & location: Tuesday and Thursday 7-10 pm, SSC 3010
Course website: https://owl.uwo.ca/portal
Undergraduate inquiries: 519-661-3507 SSC Room 4075 or econugrd@uwo.ca

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.

Prerequisite Note

The prerequisite for this course is Economics 2150A/B

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an anti-requisite course. Lack of pre-requisites 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.

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. In Economics 2150, we focused on markets that are perfectly competitive. In this course we will focus on other important market structure. We will first consider scenarios where firms have market power, or the ability to manipulate market outcomes through one’s own actions. We will study how firm with market power can capture more surplus using various price discrimination and other pricing strategies. We will study various imperfectly competitive market structures and show how competition affects consumers, producers and the economy as a whole. There will be
an introduction to game theory 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.

**Course 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(s):**


We will concentrate on the second half of the textbook. Specifically, we will cover Chapter 11-Chapter 17. (Note: Any changes to this schedule will be provided in class. Some topics may be omitted based on time constraints. Students will be held responsible for all material presented in lectures, regardless of whether the material appears in the textbook.)

- Chapter 11 Monopoly and Monopsony
- Chapter 12 Capturing Surplus
- Chapter 13 Market Structure and Competition
- Chapter 14 Game Theory and Strategic Behavior
- Chapter 15 Risk and Information
- Chapter 16 General Equilibrium Theory
- Chapter 17 Externalities and Public Goods

**Grading:**

The course grade will be based on two midterm exams and a final exam. The materials for all tests and exams consists of the topics covered in the lectures.

The distribution of marks are:

- Midterm 1 (25%) July 3 Coverage: Chapter 11-12
- Midterm 2 (25%) July 17 Coverage: Chapter 13-14
- Final (50%) July 31 or Aug 1 Coverage: Entire course

Note: Coverage of each midterm is tentative and may change if content has not been covered in lectures before the midterm.
Please Note
Department Policies – Summer 2017

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.


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/2017/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/2017/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: *(Use Chrome or Firefox)*

   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 second term half course Summer Evening:  
Friday, June 23, 2017

Dates for **dropping** Courses in the summer:
Last day to **drop** a second term half course Summer Evening:  
Monday, July 17, 2017

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](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 exams).
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/2017/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.