

Department of Economics Course Outline

Term: Winter 2005

Course: Economics 357 Section: 02

[Microeconomics II]

Time: TR 9:30-10:45 Place: ST 132 (subject to change)

Instructor: Dr. J. Church

Office: SS 442 **Telephone:** 220-6106

Office Hours: TR 14:00-15:00 E-Mail: jrchurch@ucalgary.ca

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Kaplow, L., and S. Shavell. 2002. Fairness versus Welfare. Cambridge, Mass.: HUP.

Katz, M., and H. Rosen. 1998. Microeconomics. 3rd. Edition. Burr Ridge, Illinois: Irwin.

Landsburg, S. 1993. The Armchair Economist. Toronto: Maxwell MacMillan.

Lomborg, B. 2001. the Skeptical environmentalist. Cambridge: Cambridge University Press.

McMillan, J. 2002. Reinventing the Bazaar. New York: Norton.

Miller, R. L., D. K. Benjamin, and D. C. North. 2001. <u>The Economics of Public Issues.</u> 12th ed. New York: Harper Collins.

Schelling, T. 1984. Choice and Consequence. Cambridge: Harvard University Press.

Sen, A. 2002. Rationality and Freedom. Cambridge: Harvard University Press.

Shleifer, A., and R. Vishny. 2002. The Grabbing Hand. Cambridge, Mass.: HUP.

Smith, A. 1976. The Wealth of Nations. Chicago: University of Chicago Press.

Varian, H. 2003. Intermediate Microeconomics. 6th ed. New York: Norton.

1. Introduction

- i) Objective and Overview
- ii) Methodology
- iii) Pareto Optimality and Gains from Trade

2. Topics in the Theory of the Consumer

	1)	Intertemporal Choice	
	ii)	Asset Markets	
	iii)	Uncertainty	
	iv)	Risky Assets	
3.	Imperfect Competition and Game Theory		
	i)	Prisoner?s Dilemma and Nash	
	ii)	Cournot, Bertrand, Stackelberg and Collusion	
4.	General Equilibrium and the Fundamental Theorems of Welfare Economics		
	i)	Exchange Economy	
	ii)	Production and General Equilibrium	
5.	Social Welfare and Economic Equity		
	i)	Social Welfare Functions	
	ii)	Arrow?s Impossibility Theorem	
6.	Market Failure I: Market Power		
	i)	Monopoly in General Equilibrium	
7.	Market Failure II: Externalities		
	i)	Pigouvian Taxes and Subsidies	
	ii)	Property Rights	
	iii)	The Coase Theorem	
8.	Market Failure III: Public Goods		
	i)	Optimality Condition	
	ii)	Private Financing and the Free Rider Problem	
9.	Market Failure IV: Asymmetric Information		
	i)	Adverse Selection	

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- ii) Moral Hazard
- iii) Principles and Agents

Grade Determination and Final Examination Details:

Midterm Examination	20%
3 Assignments @ 10% each	30%
Final Examination	<u>50%</u>
	100%

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Students should be aware of the importance of appropriate sequencing of their courses to meet all the graduation requirements, especially in the Honours program. Honours students should complete MATH 249 or 251, and MATH 211 no later than the second year. This is very important because these courses are prerequisites for ECON 387/389, which in turn are prerequisites for ECON 557/559. Also, STAT 213 should be completed no later than the third year because it is a prerequisite for ECON 315, which in turn is a prerequisite for ECON 419. We suggest that you consult the "Department of Economics Explicit Syllabus", which is available at http://econ.ucalgary.ca/programs/undergrad/ES.htm, or the University of Calgary Calendar. If you want help in designing your program, you should speak with a Student Advisor in the Department of Economics.

Blackboard: