



Department of Economics Course Outline

		Term:	Winter 2005
Course:	Economics 357 [Microeconomics II]	Section:	04
Time:	TR 15:30-16:45	Place:	ST 130 (subject to change)
Instructor:	Dr. J. R. Boyce		
Office:	SS 412	Telephone:	220-5860
Office Hours:	TR 14:00 - 15:00	E-Mail:	boyce@ucalgary.ca

Textbook:

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

Book(s) on Reserve:

Coyle, D. 2002. Sex, Drugs, & Economics. New York: Texere.

Doti, J. L., and D. R. Lee, ed. 1991. The Market Economy: A Reader. Los Angeles: Roxbury Publishing Company.

Feldman, A. 1980. Welfare Economics and Social Choice Theory. Boston: Kluwer Academic Publishers.

Friedman, D. 1996. Hidden Order: The Economics of Everyday Life. New York: Harper Business.

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. The Economics of Public Issues. 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.

Course Description:

This course will extend and build on the theory of the consumer, the theory of the firm, and the theory of perfect competition introduced in Economics 301. The theory of general competitive equilibrium will be studied intensively. Particular attention will be devoted to its efficiency and welfare properties. Thereafter, instances of market failure will be addressed: those covered will be imperfect competition, externalities, public goods, and informational asymmetries.

Students are reminded that this course has a calculus prerequisite and calculus compatible notation will be used. This course makes extensive use of high school level algebra.

Course Outline:

1. Introduction
 - i) Objective and Overview
 - ii) Methodology
 - iii) Pareto Optimality and Gains from Trade
2. Topics in the Theory of the Consumer
 - i) 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
 - ii) Moral Hazard
 - iii) Principals and Agents

Grade Determination and Final Examination Details:

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

Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during his office hours.

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:

This course will make use of Blackboard - students who are registered in the course can log on at <http://blackboard.ucalgary.ca/webapps/login> . Please note that Blackboard features a class email list that I will use. It is your responsibility to make sure that Blackboard uses the email of your choice. The default is your

University of Calgary email address.

Notes:

Students? Union Vice President Academic:
Laura Schultz

Phone: 220-3911

E-Mail suvpaca@ucalgary.ca

Students' Union Faculty Representative (Social Sciences)

Carina McDonald

Phone: 220-3913 Office: MSC 251

E-Mail socialscirep@su.ucalgary.ca

Society of Undergraduates in Economics (S.U.E.)

www.fp.ucalgary.ca/econ

Safewalk / Campus Security: 220-5333

JRB:pst
2004-12-02
