

**Economics 357(L02) Intermediate Economic Theory –  
Microeconomics II**

Instructor:	Dr. L. Vojtassak	Lecture Location:	ST 131
Phone:	403 220 6550	Lecture Days/Time:	MWF 12:00 – 12:50
Email:	lvojtass@ucalgary.ca		
Office:	SS 336		
Office Hours:	T 14:00 – 14:50	Winter 2017	

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**Course Description**

This course is the first of a pair of courses designed to acquaint students with microeconomic theory. Microeconomics is concerned with a systematic understanding of the choices of individuals, firms, and organizations. It seeks to address the social consequences of the behaviour of economic agents. 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 Econ 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.

Economic theory provides the structure, or framework, for economic inquiry. For this reason, Econ 301 and 357 are the two most important courses majors in economics complete at the University of Calgary. These courses provide the most important element of the three found in a student's economic toolbox (the other two are econometrics and knowledge of both current economies and economic history).

**Prerequisites/corequisites**

Economics 301 and one of Mathematics 249, 251, 265 or 281.

**Textbook(s):**

*Required*

Hal Varian, *Intermediate Microeconomics: A Modern Approach*, 9<sup>th</sup> edition, Norton, 2014.

*Optional*

Roberts, R. 2001. *The Invisible Heart*. Cambridge: MIT Press.

Spufford, F. 2010. *Red Plenty*. London Faber and Faber.

Required and recommended readings will be drawn from the textbook, from material on reserve in the MacKimmie Library and from the periodical collection in the MacKimmie Library.

### Book(s) on Reserve:

Dolfsma, W. 2013. Government Failure. Northampton, Mass.: Edward Elgar.  
 Harford, T. The Undercover Economist. Oxford: Oxford University Press.  
 Katz, M., and H. Rosen. 1998. Microeconomics. 3<sup>rd</sup> edition. Burr Ridge, Illinois: IRWIN.  
 Landsburg, S. 1993. The Armchair Economist. Toronto: Maxwell MacMillan.  
 Levinson, M. 2006. The Box. Princeton: Princeton University Press.  
 Lomborg, B. 2001. The Skeptical environmentalist. Cambridge: Cambridge University Press.  
 Lomborg, B., ed. 2004. Global Crises, Global Solutions. Cambridge: Cambridge University Press.  
 Lomborg, B. 2007. Cool It! New York: A. Knopf.  
 Mankiw, G. et al. 2014. Principles of Microeconomics. 6<sup>th</sup> ed. Toronto: Thomson Nelson.  
 Newmark, C. 2009. Readings in Applied Microeconomics: The Power of the Market. New York: Routledge.  
 Nordhaus, W. 2013. The Climate Casino. New Haven: Yale University Press.  
 Posner, R. 2009. A Failure of Capitalism. Cambridge, Mass.: Harvard University Press.  
 Rivoli, P. 2009. The Travels of a T-Shirt in the Global Economy. Hoboken: John Wiley.  
 Sabin, P. 2013. The Bet. New Haven: Yale University Press.  
 Schelling, T. 1984. Choice and Consequence. Cambridge: Harvard University Press.

### Course Requirements/Assessments:

Midterm Examination		<b>20%</b>	March 3, 2017 Session in class
3 Assignments	10% each	<b>30%</b>	Due dates: Friday February 10, 2017 Friday March 10, 2017 Friday April 7, 2017
			All assignments are due at the beginning of class!
Final Examination		<b>50%</b>	
		<b>100%</b>	

**Desire2Learn:** This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> using or through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. It is your responsibility to ensure that D2L uses the e-mail address of your choice. The default is your University of Calgary e-mail address.

### Tutorials:

When you registered for this course you were enrolled in a tutorial session. I will pre-assign problems/questions/materials for you to consider and to discuss with your classmates and a teaching assistant during these tutorial sessions. The problems will not be graded but they will offer you the opportunity to test your understanding of the material covered to that point in the course. You will also have the opportunity to discuss with the TA the material we have discussed in class and which you may not yet fully grasp. Students are expected to attend a weekly tutorial section. Tutorials are on Wednesdays, 16:00 – 16:50 in ICT 114.

**Timetable**

<b>I Introduction</b>		<b>Chapter</b>
January 9 – 18, 2017	Objective and Overview A Methodology Pareto Optimality and Gains from Trade	16
<b>II Topics in the Theory of Consumer</b>		
Jan 20 – Feb 3, 2017	Review the Theory of Demand Intertemporal Choice Asset Markets Uncertainty Risky Assets	10 11 12 13
<b>III General Equilibrium and the Fundamental Theorems of Welfare Economics</b>		
Feb 6 – March 1, 2017	Exchange Economy	32
Reading week: Feb 20 – Feb 24	Production and General Equilibrium Social Welfare and Economic Equity	33 34
March 3, 2017	MIDTERM	
<b>IV Market Failure I: Market Power</b>		
March 6 – March 27, 2017	Monopoly and Monopoly Behaviour Imperfect Competition and Game Theory	25-26 28-30
<b>Market Failure II: Externalities</b>		
March 29 – 31, 2017	Pigouvian taxes and Subsidies Property Rights, The Coase Theorem	35
<b>Market Failure III: Public Goods</b>		
April 3 – 5, 2017	Optimality Condition Private Financing and Free Rider Problem	37
<b>Market Failure IV: Asymmetric Information</b>		
April 7 – 12, 2017	Adverse Selection, Moral Hazard	38

**Grading Scale**

A+	95 – 100	B	73 – 76	C-	60 – 62
A	85 – 94	B-	70 – 72	D+	56 – 59
A-	80 – 84	C+	67 – 69	D	50 – 55
B+	77 – 79	C	63 – 66	F	0 – 49

Tests and final exams are marked on a numerical (percentage) basis, then converted to letter grades. The course grade is then calculated using the weights indicated above.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

### Grade Determination and Final Examination Details

Department of Economics Criteria for Letter Grades. Economics professors use the following criteria when assigning letter grades:

Grade	Grade Point Value	Description	Grade	Grade Point Value	Description
A+	4.00	Outstanding	C+	2.30	
A	4.00	Excellent-superior performance, showing-comprehensive understanding of subject matter	C	2.00	Satisfactory – basic understanding of the subject matter
A-	3.70		C-	1.70	Receipt of a grade point average of 1.70 may not be sufficient for promotion or graduation. (See individual undergraduate faculty regulations.)
B+	3.30		D+	1.00	
B	3.00	Good – clearly above average performance with knowledge of subject matter generally complete.	D	1.00	Minimal pass – marginal performance; generally insufficient preparation for subsequent courses in the same subject.
B-	2.70		F	0	Fail – unsatisfactory performance or failure to meet course requirements
			I	0	Incomplete – unsatisfactory (effective January 2007)

### Assignments

1. Assignments are to be submitted at the beginning of class on the date due. In exceptional cases they may be handed in before that date to the instructor personally. Answers to assignments will be either discussed in class shortly after each assignment falls due or posted on the D2L. For this reason, late assignments will be given a score of zero, although you may still wish to have the work corrected and returned without a score being recorded. Please do not slide assignment under my office door – they will not be marked. Please also do not email assignments to me – they will not be marked.
2. Students are encouraged to discuss the assignments with their classmates, but each must write up their own answers. Copying or misrepresenting someone else's work as your own is a serious offence, which will not be tolerated. Your attention is directed to the "Statement of Intellectual Honesty" in the 2016-2017 Calendar. Taking credit for someone else's work is something for which I show zero tolerance.

**Examinations:**

1. Test and exams will not consist of the multiple-choice questions.
2. The midterm examination will be held in classroom during regular lecture hours and will last 50 minutes.
3. There will be a Registrar scheduled final examination, lasting 2 hours. It will be a comprehensive examination of all-material covered in the course.
4. The exam must be completed during the specified time. Extra time will not be given for any reason.
5. All examinations will be closed-book.
6. Answers to the midterm test, the assignment and the final exam questions must make use of equations and diagrams wherever possible. Numerical questions require numerical answers.
7. THERE WILL BE NO MAKEUP OR DEFERRED EXAMS under any circumstances, nor may the exams be written early. Students unable to write the exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned. If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam [www.ucalgary.ca/registrar/exams/deferred\\_final](http://www.ucalgary.ca/registrar/exams/deferred_final) Under no circumstance will this be accommodated by the department. Any student who finds it necessary to miss the midterm must notify the instructor in advance and produce a valid medical certificate or other required documentation in order to have the weighting adjusted. This adjustment will result in the final exam counting for 70% of the final grade and the assignments counting for 30% of the final grade.
8. Examinations will not be given before the indicated examination date. For further information see the 2016-2017 Calendar.
9. The use of a simple calculator during test and examination is permitted. The use of graphing calculators, cell phones, and computers is not permitted.

**Reappraisal of Grades**

**For reappraisal of graded term work, see Calendar I.2**

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

**For reappraisal of final grade, see Calendar I.3**

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

A student who feels that a piece of graded term work (e.g., term paper, essay, test) has been unfairly graded may have the work re-graded as follows. The student shall discuss the work with the instructor within 15 days of being notified about the mark or of the item's return to the class; no reappraisal of term work is permitted after the 15 days. If not satisfied, the student shall immediately take the matter to the Head of the department offering the course, who will arrange for a reassessment of the work within the next 15 days. The reappraisal of term work may cause the grade to be raised, lowered, or to remain the same. If the student is not satisfied with the decision and wishes to appeal, the student shall address a letter of appeal to the Dean of the faculty offering the course within 15 days of the unfavourable decision. In the letter, the student must clearly and fully state the decision being appealed,

the grounds for appeal, and the remedies being sought, along with any special circumstances that warrant an appeal of the reappraisal. The student should include as much written documentation as possible.

### Notes

1. Students should be aware of the academic regulations outlined in The University of Calgary Calendar.
2. **The use of cell phones for any purpose in class is prohibited. Computers may be used for note-taking purposes only.**
3. Students will be responsible for all material listed on the course outline, regardless of whether or not the material has been covered in class, unless the instructor notifies the class that the material will not be covered.
4. Please note that the following types of emails will receive no response: emails not addressed to anyone in particular; emails where the recipient's name is not spelled correctly; anonymous emails; emails in which the sender has not identified which course and section he/she is taking; and, emails involving questions that are specifically addressed on the course outline.

### Plagiarism and Other Academic Misconduct

Intellectual honesty is the cornerstone of the development and acquisition of knowledge and requires that the contribution of others be acknowledged. Consequently, plagiarism or cheating on any assignment is regarded as an extremely serious academic offense. Plagiarism involves submitting or presenting work in a course as if it were the student's own work done expressly for that particular course when, in fact, it is not. Students should examine sections of the University Calendar that present a Statement of Intellectual Honesty and definitions and penalties associated with Plagiarism/Cheating/Other Academic Misconduct,

<http://www.ucalgary.ca/pubs/calendar/current/k.html>

### Academic Accommodation

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services; SAS will process the request and issue letters of accommodation to instructors. For additional information on support services and accommodations for students with disabilities visit [www.ucalgary.ca/access/](http://www.ucalgary.ca/access/).

Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at

[www.ucalgary.ca/policies/files/policies/student-accommodation-policy\\_0.pdf](http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy_0.pdf)

### Important Dates

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: [econrep@fasaucalgary.ca](mailto:econrep@fasaucalgary.ca) Web: [www.fasaucalgary.ca](http://www.fasaucalgary.ca)

Society of Undergraduates in Economics

[www.ucalgarysue.com](http://www.ucalgarysue.com)

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career partnerships with the Career Centre through hosting industry nights and information sessions, recognizing achievements in teaching, and organizing social events for members. They invite you to join by contacting [sue@ucalgary.ca](mailto:sue@ucalgary.ca).

#### *Faculty of Arts Program Advising and Student Information Resources*

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580 or email them at [artsads@ucalgary.ca](mailto:artsads@ucalgary.ca). You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate> which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.
- Online writing resources are available at <http://www.ucalgary.ca/ssc/resources/writing-support>

#### **Evacuation Assembly Point**

In case of an emergency evacuation during class, students must gather at the designated assembly point nearest to the classroom. The list of assembly points is found at

[www.ucalgary.ca/emergencyplan/assemblypoints](http://www.ucalgary.ca/emergencyplan/assemblypoints)

Please check this website and note the nearest assembly point for this course

#### **Safewalk**

The safewalk program provides volunteers to walk students safely to their destination anywhere on campus. This service is free and available 24 hrs/day, 365 days a year.

**Call 403-220-5333**

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