



Department of Economics Course Outline

Course:	Economics 357 [Microeconomics II]	Term:	Winter 2011
Time:	TR 09:30-10:45	Section:	02
Instructor:	Dr. J. Roberts	Place:	ST 132
Office:	SS 442	Telephone:	220-9796
Office Hours:	TR 14:00-15:00 (or by appointment)	E-mail:	robertjk@ucalgary.ca

Textbook:

Varian, H. *Intermediate Microeconomics*. 8th ed. New York: Norton. **Required**

Harford, T. 2006. *The Undercover Economist: Exposing Why the Rich Are Rich, the Poor Are Poor--and Why You Can Never Buy a Decent Used Car!* Oxford: Oxford University Press.

Recommended

Book(s) on Reserve:

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

Harford, T. 2006. *The Undercover Economist: Exposing Why the Rich Are Rich, the Poor Are Poor--and Why You Can Never Buy a Decent Used Car!* Oxford: Oxford University Press.

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

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

Levitt, S., and S. Dubner. 2005. *Freakonomics*. New York: Harper Collins.

Varian, H. 1990. *Intermediate Microeconomics*. 2 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. .../2

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.

Microeconomics is concerned with a systematic understanding of the economic behaviour of consumers and firms. Moreover, it seeks to address the social consequences of the behaviour of these economic agents. 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.

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, 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) Principles and Agents

Grade Determination and Final Examination Details:

Midterm Examination	20%
Assignments	30%
Final Examination	<u>50%</u>
	100%

Important Dates

Midterm: February 17 (during class time)

Assignments Due Dates: January 25, February 10, March 15, March 29

Non-programmable calculators are permitted for all exams. There will be a Registrar scheduled final examination which will be two hours in duration. The final examination will be comprehensive. In cases of documented illness or family emergency, extra weight will be given to the final examination.

Students will be given at least one week to complete each assignment. Assignments must be handed in to either the instructor or the economics department office before the end of work (when the office closes) on the day they are due. Late assignments will never be accepted. In cases of documented illness or family emergency, extra weight will be given to the final examination. 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.

The official grading system will be used. A letter grade will be awarded based on the numeric average of all assignments.

Tests and exams will not involve multiple choice questions.

Students seeking reappraisal of a piece of graded term work should discuss their work with the Instructor *within fifteen days* of the work being returned to the class.

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.

It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.

Students' Union Vice-President Academic:

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

www.ucalgary.ca/sue

Safewalk / Campus Security: 220-5333
Emergency Assembly Location – ICT Food Court
