

The University of Western Ontario
Department of Economics
Intermediate Microeconomic Theory II
ECONOMICS 2151B-001
Summer 2015

Instructor: Hiro Mori

Lecture Time and Location: T, Th 19:00-22:00, Physics and Astronomy Building 148

Course Website: <https://owl.uwo.ca>

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Office Hours: W 11:00-13:00, SSC 4062

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. Building on the tools developed in Economics 2150, we first consider cases where firms have market power, or the ability to manipulate market outcomes through one's own actions. We will study various imperfectly competitive market structures and show how competition affects consumers, producers and the economy as a whole. This course will introduce new analytical tools 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.

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:

Besanko, David, and Ronald R. Brauetigam, *Microeconomics*, 5th edition, John Wiley and Sons, Inc., 2013.

It is required that students have access to the textbook, and they are highly recommended to have the study guide as well. A copy of the textbook will be available in the reserve section of the Weldon library once the term begins.

Registration:

You are responsible for ensuring you are registered in the correct courses. If you are not registered in this course, the Department will not release your marks until your registration is corrected. If you notice a problem, please contact your faculty academic counsellor right away.

Prerequisites:

Economics 2150A/B.

You are responsible for ensuring that you have successfully completed all course prerequisites. Lack of prerequisites 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.

Assessment:

The course grade will be based on six pop quizzes, three assignments, a midterm exam and a final exam. The distribution of the marks is as follows:

Assessment	Weight
Pop quizzes (6)	10% (Best 5 out of 6)
Assignments (3)	30%
Midterm exam	30%
Final exam	30%

Pop Quizzes: Six quizzes will be given at the beginning of class. The times will (usually) be announced at the end of the previous lecture and will cover the material from that lecture. The difficulty of these quizzes will be minimal. The point of these quizzes is to reward students for coming to class and paying attention as well as serve as a check that the previous material was well understood. The best five out of six quiz marks will account for 10% of the final grade.

Assignments: Three assignments will be posted to the course website on the dates indicated below in the course schedule. Typically, students will be given one week to complete each assignment. Students are permitted to work in groups of up to three students and to submit a single copy of their solutions per group. Assignments are due at the start of the day's lecture.

Exams: Midterm and final exams will contain multiple choice problems as well as short answer problems. Midterm will be held in class. All exams are closed book. All electronic devices, except for a non-programmable calculator, will be prohibited during exams. Final exam date will be TBA.

Policy Regarding Late/Missed Assignments or Quizzes: If a student is unable to write one of the quizzes, it will be counted as their dropped quiz. Any subsequent missed quizzes will be given a grade of zero. Late assignments will be assessed a 10% penalty the first day, and not accepted subsequently. If a student fails to submit an assignment on time, and has a valid reason, it is their responsibility to contact the instructor and explain the reason. Proof supporting this reason may be requested by the instructor.

Policy Regarding Missing Midterm Exam: There will be no make-up midterm. If a midterm is missed for acceptable reasons, the assessment will re-weigh the term grade accordingly. Students must provide medical or other relevant documentation that support their reasons for the absence to the Academic Counselling Office of your home Faculty.

Course Topics:

1. Seizing Market Power: Economics of Monopoly (Chapter 11)
2. Pricing Strategies to Capture Surplus (Chapter 12)
3. Strategic Behaviour and Game Theory (Chapters 13 & 14)
4. Making Decisions under Risk (Chapter 15)
5. Externalities and Public Goods (Chapter 17)
6. General Equilibrium Theory (Chapter 16; time permitting)

Course Schedule:

Please note that the following is a tentative schedule for the course. Assignments and material to be covered are subject to change. All changes in schedule and deadlines will be announced in class in advance. Students are responsible for learning about these changes.

Date	Events & Materials to be covered	Assignment
June 16	First day of class, Chapter 11	Assignment #1 is assigned
June 18	Chapter 12	
June 23	Chapter 12	Assignment #2 is assigned
June 25	Chapter 14	Assignment #1 is due
June 30	Chapters 13-14	
July 2	Review for midterm	Assignment #2 is due
July 7	Midterm exam	
July 9	Chapter 15	Assignment #3 is assigned
July 14	Chapter 15	
July 16	Chapter 15	
July 21	Chapter 17	Assignment #3 is due
July 23	Review for final, Chapter 16 (time permitting)	
TBA	Final exam	