

ECON 230D2: Microeconomic Theory

1. Instructor

Professor Fernando Saltiel

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Office Hours: Tuesdays. 16:00-17:30 via Zoom.

2. Teaching Assistants

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Tutorials: Monday from 10:00AM to 11:30AM and Wednesdays from 4:00PM to 5:30PM (via Zoom).

3. Class Format

Classes are scheduled to be held on Tuesdays and Thursdays from 8:35-9:55am.

Since students may be in different time zones due to the pandemic, **I am pre-recording the class lectures. Recorded lectures and slides will be uploaded to MyCourses prior to each corresponding class session.** As such, you can engage with the material on your own time.

The TAs will hold tutorials on Zoom every week, starting in the second week of class. In these sessions, they will answer questions about the class material and solve problem set questions and other exercises in Workouts.

I will also be available on Zoom during office hours every week to answer questions about class material. As with traditional on-campus office hours, you are received on a first-come, first-served basis and not by appointment. You sit in a virtual waiting room until I am ready to receive you. If you use office hours, you are expected to “arrive” prepared to ensure the maximum number of students can make use of the available time. If you are unable to attend office hours because of scheduling conflicts, you should email the TAs with questions.

Please consult McGill’s Remote Learning Resources to learn more about Zoom. You will be notified through a pop-up box in Zoom if a portion of a session is being recorded. By remaining in sessions that are recorded, you agree to the recording, and you understand that your image, voice, and name may be disclosed to classmates. You also understand that recordings will be made available in myCourses to students registered in the course.

4. Course Overview

This course covers the second part of a class in microeconomic theory for Economics Major students. We will first cover topics related to firm’s profit maximization, cost minimization, cost curves, monopoly and oligopoly. We will examine topics and empirical applications of game theory. Lastly, we will cover issues related to market failures, including externalities, information technology and public goods. As in ECON230 D1, the class will be heavy on math. By the end of the course, students will have a solid foundation in the methods of microeconomics and will be able to apply these methods to the study of consumers, firms, and markets. The skills and methods learned in this course will prepare students to take more advanced, specialized economics courses.

5. Course Materials

As in ECON 230 D1 (01), Hal R. Varian's Intermediate Microeconomics: A Modern Approach (9th Edition) will serve as the textbook for the course. This book is available at the bookstore and online. Any earlier edition of this book works well.

You should plan on doing the exercises in Theodore C. Bergstrom and Hal R. Varian's Workouts in Intermediate Microeconomics (9th Edition) to give you practice with the concepts covered in the course. The book and the Workouts are both available at the bookstore. Lecture slides and video recordings will be posted on myCourses.

6. Class Communication

All class announcements will be posted on myCourses.

I encourage you to ask questions related to the class material during the tutorials and virtual office hours. If you want to ask questions electronically, please use the Discussions tool in MyCourses. You can also use the Discussions tab to form a virtual study group. The TAs and I will periodically check the Discussions tab to ensure proper usage, flag some postings, and answer questions.

For all administrative issues, please first contact the TAs. They are your first point of contact and will communicate important matters to me.

Questions that are personal in nature can be sent to me by e-mail. E-mails should be sent from your official McGill e-mail address and include [ECON 230 D2] in the subject line. I aim to reply to e-mails within 48 hours, except on weekends.

7. Evaluation

Your grade on this course will depend on your performance on weekly problem sets, two midterm exams and a final exam to be held during the final exam period. The midterm exams will be **three-hour** timed exams with a 72-hour access window. The final exam will be a **three-hour** time exam with a 72-hour access window.

The grade breakdown is as follows:

Problem Sets (20%): There will be 10 problem sets in total. To introduce flexibility, you are required to complete 8 out of the 10 problem sets: only your best 8 will count. Due dates will be announced on myCourses, but will typically be assigned on Thursdays (starting the second week of class) and be due one week later. Late submissions will not be accepted.

Midterm Exam I (20%): The first midterm exam will be held on Thursday, February 4.

Midterm Exam II (20%): The second midterm exam will be held on Thursday, March 18.

Final Exam (40%): The final exam will be held in April during the final exam period.

Exam submissions outside of the three-hour window will not be accepted.

8. Make-Up Exams

You may only miss an exam for a documented family or medical emergency. If you miss an exam, you must hand me an original physician's note within 7 days of the date of the exam which explains the medical reason for your absence. No make-up exams are possible for midterm exams.

If you miss a midterm exam, that exam's weight will be reallocated to the final exam.

9. **Re-Read Policy**

We do our very best to ensure fair grading and to minimize errors. Nevertheless, if you disagree with the grade you have received in your exam, you may opt to have your exam re-read. Before you do, please make sure you first carefully compare your answers to the solutions we provide. To request a re-read, you must submit to me (the instructor, not the TA) your exam with a written justification for the re-read, specifying the question which you felt was incorrectly graded. This written request for re-read must be submitted within 7 days of receiving the exam. I will then re-read and reassess the answer. Please note that I may review the entire exam. As a result, your grade may go up, down, or stay the same. Policies on final exam re-reads are determined by the Faculty of Arts.

10. **Final Grade for ECON230D**

Students must register for both ECON 230D1 and ECON 230D2.

No credit will be given for ECON 230D unless both ECON 230D1 and ECON 230D2 are successfully completed in consecutive terms. Each semester contributes 50% to your final grade in ECON 230D.

You are not allowed to change sections for ECON 230D2 during the semester.

Students can transfer from ECON 250D to ECON 230D only prior to the January add/drop period in the Winter semester (January 22). For students using this window, the overall grade for ECON 230D will be composed of 25% of your ECON 250D1 Fall semester grade and 75% of your ECON 230D2 Winter semester grade.

Supplemental Exams. Supplemental exams for those eligible will cover material from both ECON 230D1 and ECON 230D2 and will be held during the summer after ECON 230D2. Supplemental exams are not given for individual semesters only. Students taking the supplemental exam should be aware that it counts for 100% of the student's overall grade in ECON 230D.

11. Course Outline

Below is a tentative course outline. The relevant chapters from the textbook are in parentheses, You are encouraged to read the chapters, but for exam purposes you will only be responsible for material covered in the lectures and the tutorials.

I maintain discretion regarding changes to this outline. Any changes will be announced on myCourses.

Review sections will be covered very briefly as a refresher prior to teaching the relevant sections for the course.

1. Firm Behavior

- Cost Minimization (Chapter 21, *Review*) + Cost Curves (Chapter 22).
- Firm Supply (Chapter 23, *Review*) + Industry Supply (Chapter 24).
- Monopoly (Chapter 25).
- Monopoly Behavior (Chapter 26).
- Factor Markets (Chapter 27).
- Oligopoly (Chapter 28)..

2. Game Theory

- Game Theory (Chapter 29).
- Game Applications (Chapter 30).
- Auctions (Chapter 18).

3. Welfare and Market Failures

- Exchange (Chapter 32, *Review*) + Production (Chapter 33).
- Welfare (Chapter 34).
- Externalities (Chapter 35).
- Information Technology (Chapter 36).
- Public Goods (Chapter 37).
- Asymmetric Information and Moral Hazard (Chapter 38). (if time allows).

12. McGill Policy Statements

Academic Integrity

McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr/honest/ for more information).

Language of Submission

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

Copyright of Lectures Statement

All slides, video recordings, problem sets and lecture notes remain the instructor's intellectual property. You may use these only for purposes of your own learning, but you are not permitted to disseminate or share these materials. Note that infringements of copyright can be subject to follow up by the University under the Code of Student Conduct and Disciplinary Procedures.

Extraordinary Circumstances Statement

In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.

Accessibility and Policy

As the instructor of this course I endeavor to provide an inclusive learning environment. However, if you experience barriers to learning in this course, do not hesitate to discuss them with me and the Office for Students with Disabilities, 514-398-6009.