

Syllabus: Microeconomic Theory / Econ 230D2

Section **002**

January 5, 2023

General Information

Professor Fabian Lange

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Office: Leacock 511

Office Hours: Tuesdays 1-2:25pm.

Course Location: Maass Chemistry 112

Meeting Times: Tuesday / Thursday 8:35-9:55am

Teaching Fellows:

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1 Overview

This is the second part of a two-semester course introducing you to basic microeconomic theory. **You have to register for both semester courses to get credit.**

The second semester builds on the tools and the neoclassical model developed in the first semester. In this semester, we will develop this model further. We begin by discussing under what conditions and why markets and the price mechanism are good ways of solving societal resource allocation problems. Then, we will consider what happens when the basic assumptions of this model such as

competition, perfect information, and frictionless trade are violated. These so-called *market failures* can give rise to policy prescriptions to intervene in the working of the market, thus policies to address these market failures will play a bigger role. We will also introduce tools to think about strategic behavior when individuals need to consider specifically the incentives that others have and how they are shaped by their own actions. This is known as Game Theory.

2 Communication

I will rely on myCourses to communicate with you. You are required to check myCourses every day for announcements. I will also use mycourses and the quiz function on mycourses for problem sets.

How do I ask an administrative question?

First contact the TAs. They will relay important matters to me.

How do I ask a question about the subject matter?

If you have a question about the subject matter, then you should follow this approach:

1. Speak out in class!
2. Begin by asking one of your colleagues. The most valuable resource you have for learning are your colleagues.
3. Email the TAs.
4. If steps 1 through 3 fail: Come to my office hours.

In addition, you can use the discussion section on mycourses to ask questions. The TAs and I will strive to regularly check this venue and answer questions. And, you might get good feedback from your colleagues.

3 Course Materials

As during the first semester, Hal R. Varian's Intermediate Microeconomics: A Modern Approach (9th Edition) will serve as the textbook for the course. I continue to recommend doing the exercises in Theodore C. Bergstrom and Hal R. Varian's Workouts in Intermediate Microeconomics (9th Edition) as we go along.

Course Recordings

I will continue to try to make the audio and slides of the lectures available online through myCourses. However, at times this might fail and the preferred option should be to attend class. No guarantees that any specific lecture recording will be available.

4 Course Requirements and Grading

I expect you to:

1. Check myCourses regularly.
2. Do the assigned readings before you come to class.
3. Come to and participate in class.
4. Do your homework and come to the exams.
5. Get help from the TA if you don't understand something.

You should expect to work at least 6 hours per week on this course in addition to coming to the lectures.

Evaluation

Problem Sets

There will be 8 problem sets in total. You are required to complete 6 out of the 8 problem sets. If you submit more than 6 problem sets, only the best 6 will count. Official due dates will be announced on myCourses. Late submissions will not be accepted.

Problem Sets count for 20% of the total grade.

Midterm and Final Examination

- Midterm (30%) Thursday, February 17th, in class.
- Final (50%) during Final Exam Period.

This course has two sections. This Section is Econ 230D2-**002**. You are not allowed to write the final exam of the other Section, but are responsible to write the exam for this section. If you end up writing the exam of the other section, it might not be graded and no accommodations will be made.

It is your responsibility to ensure that you sit in the right section during the exam and take the right exam!

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.

Grading

Econ 230 D1/2 is a two semester course. You ultimately receive a single grade for the combination of the two semesters. Each semester contributes 50% to your final grade. There are no exceptions, except transfers from ECON250. The two semester grades will be averaged to arrive at the full-year grades. For the winter semester, 20% of the final grade are based on homework. 30% on the midterm, and 50% on the final.

Supplemental Exams

Supplemental exams for those eligible will **cover material from both Econ 230D1 and Econ 230D2** and will be held during the summer following Econ 230 D2. Supplemental exams are not given for individual semesters only. Students taking the supplemental exam should be aware that it counts for 100% of the grade in the two-semester course.

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

Re-read Policy:

We do our very best to ensure fair grading and to minimize errors. Nevertheless, you might end up disagree with the grade you have received in your exam. In

that case, 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 and why you believe it 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 exam. Please note that I will review the entire exam. As a result, your grade may go up, down, or stay the same.

Transfers from Econ 250

For Econ 250 students transferring after the end of the week after the second D1 midterm, the grade for 230D1/D2 will be composed of 25% for the 250D1 Fall semester and 75% for the 230D2 Winter semester.

5 Course Outline

Below is a tentative course outline. The relevant chapters from the textbook are in parentheses.

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. Welfare Economics.
2. Individual Behavior: advanced topics
3. Firm Behavior
 - Monopoly (Chapter 25).
 - Monopoly Behavior (Chapter 26).
 - Oligopoly (Chapter 28).
4. Game Theory
 - Game Theory (Chapter 29).
 - Game Applications (Chapter 30).

- Auctions (Chapter 18).

5. Welfare and Market Failures

- Exchange and Production (Review, Chapter 32 and 33)
- Welfare (Chapter 34).
- Externalities (Chapter 35).
- Public Goods (Chapter 37)
- Asymmetric Information and Moral Hazard (Chapter 38).

6 Other

- McGill University values academic integrity. Therefore all students must understand the meaning and consequences of cheating, plagiarism and other academic offenses under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr/honest/ for further information).
- According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the calendar, section 4.7.2.1, General University Information and Regulations, at www.mcgill.ca.
- 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.
- 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.
- End-of-course evaluations are one of the ways that McGill works towards maintaining and improving the quality of courses and the student's learning experience. You will be notified by e-mail when the evaluations are available. Please note that a minimum number of responses must be received for results to be available to students

McGill University is on land which has long served as a site of meeting and exchange amongst Indigenous peoples, including the Haudenosaunee and Anishinabeg nations. We acknowledge and thank the diverse Indigenous people

whose footsteps have marked this territory on which peoples of the world now gather.