

ECO200: SECTION L0301: 2012–13  
MICROECONOMIC THEORY

1 THE BIG PICTURE

**Lectures.** Wednesdays: 10:00 AM – 12:00 PM; SS2117.

**Tutorials.** Fridays: 12:00 PM – 1:00 PM; SS2117.

**Office Hours.**

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| Office:       | Max Gluskin House (150 St. George Street), Room 330  |
| Office Hours: | Mondays, 2:30 PM – 4:00 PM<br>Thursdays, 10:00 AM – 11:00 PM (by appt. <a href="https://tungle.me/rgazzale">https://tungle.me/rgazzale</a> ) |

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**Texts and Materials.**

- **Required:** Besanko and Braeutigam, *Microeconomics*, Fourth Edition, 2011.
- **Required:** iClicker.
- **Required:** Handouts as posted on the Portal.

**Website.** UofT’s Learning Portal (Blackboard): <https://portal.utoronto.ca>

**Assessments.**

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|                   | <b>Date</b>                  | <b>Length</b> | <b>Weight</b> |
|-------------------|------------------------------|---------------|---------------|
| iClicker          | All Year                     | N/A           | 5%            |
| Term Test 1       | Wednesday, October 24, 2012  | 2 hours       | 15%           |
| Term Test 2       | Winter Exam Period           | 2 hours       | 15%           |
| Term Test 3       | Wednesday, February 13, 2013 | 2 hours       | 15%           |
| Final Examination | TBA                          | 3 hours       | 50%           |

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2 THE DETAILS

2.1 *Goals of the Course*

I have three goals for this course.

1. Building on the microeconomic foundations learned in Introduction to Economics, developing canonical models of microeconomics to analyze the decisions of consumers, the behavior of firms, and the functioning of markets.

These models form the core of neoclassical economic theory, and are the basis for economic analyses of market equilibrium, efficiency, and individual and social welfare. Thus understanding them is important for more advanced work in economics.

2. Assist in your further development in “thinking like an economist.” Throughout the semester, we will build on three important concepts in economics: (1) optimization; (2) equilibrium; and (3) efficiency (or, more broadly, the desirability (or not) of equilibrium outcomes).
3. Gain sufficient proficiency with these models to analyze a variety of issues of current economic and policy interest.

## 2.2 Academic Integrity

Academic integrity is one of the cornerstones of the University of Toronto. It is critically important both to maintain our community which honours the values of honesty, trust, respect, fairness and responsibility and to protect you, the students within this community, and the value of your degree. According to Section B of the University of Toronto's Code of Behaviour on Academic Matters (<http://www.utoronto.ca/govcncl/pap/policies/behaveac.html>), which all students are expected to know and respect, it is an offence for students:

- To obtain unauthorized assistance on any assignment.
- To provide unauthorized assistance to another student. This includes showing another student completed work (e.g., an answer in a test).
- To falsify or alter any documentation required by the University. This, includes, but is not limited to, doctors notes.
- To alter and submit for re-marking any course assignment (e.g., a test).
- To obtain under false pretence a doctors note.
- To use or possess an unauthorized aid in any test or exam (e.g., a cellphone).
- To continue writing when the time is up in any test or exam.

There are other offences covered under the Code, but these are by far the most common. Please respect these rules and the values which they protect.

## 2.3 Texts

I recommend purchasing the indicated versions of the required texts. Substitutes for you to consider:

**Previous Editions** Quick perusal suggests that the current version of the textbook does not greatly differ from its immediate predecessors. Two things to consider: First, much of the money saved today with a previous edition will be “lost” if you sell your textbook at the end of the year. Second, you are responsible for figuring out any and all “cross-edition” differences.

**Electronic Access** CourseSmart offers electronic access to the text ([http://www.coursesmart.com/IR/4690171/9780470563588?\\_\\_hdv=6.8](http://www.coursesmart.com/IR/4690171/9780470563588?__hdv=6.8)). While cheaper in the short run, you cannot resell your access at the end of the year, and your access lasts only 180 days. (Translation: you will no longer have access when the final exam rolls around for rentals begun in September.)

## 2.4 iClicker

The iClicker is required: new and used ones are widely available (e.g., UofT Bookstore, amazon.ca). As the bookstore buys back clickers (and rents used clickers), the cost of acquiring your own clicker for the year is about \$18.00. If you do not wish to purchase an iClicker, you have two options.

1. You can share an iClicker with a student **not** enrolled in this section of ECO200.
2. You may register for a short-term loan service requiring you visit the Department of Economics each day you need an iClicker. Details are available on the Portal.

iClicker questions encourage you to prepare for class, to talk (about microeconomics) with your classmates, and to identify misunderstandings. While you should always come to class prepared and having completed the week's required readings, *your iClicker responses only count for marks in approximately one-half of lectures.*

- If the last digit of your student number is even (0, 2, 4, 6, 8) your iClicker replies count during even weeks (weeks 2, 4, ..., 22).
- If the last digit of your student number is odd (1, 3, 5, 7, 9) your iClicker replies count during odd weeks (weeks 3, 5, ..., 23).
- **Everyone's** responses count in week 24.

With two in-class tests and no iClicker questions in week 1, your responses count in 11 lectures. I will adjust for inter-week variability in question difficulty. In calculating your clicker grade, I will drop your worst week.

Just like more traditional class participation marks, quality matters. It is not enough to simply be physically present and pressing buttons. iClicker responses earn some points if your answer is incorrect, but more points if correct. Each unanswered question earns 0 points. Point values can vary across questions. If the green vote status light illuminates when you submit a response then it has been successfully recorded; a red light indicates a problem.

Nearly all iClicker malfunctions — including when the remote seems “dead” — are easily resolved: call the technical support toll free at 866-209-5698 or e-mail [support@iclicker.com](mailto:support@iclicker.com).

### 2.5 Website

This course will make heavy use of the UofT's Learning Portal (a.k.a. Blackboard). You are responsible for checking it regularly. Content includes:

- Announcements;
- Copies of the lecture slides;
- Tutorial Problem Sets;
- Additional problems, some with solutions; and
- Previous tests and exams.

### 2.6 Lectures

During lecture, I will project “PowerPoint” slides. I encourage you to print them and bring them to lecture. You will notice that while a set of slides represents a good overview of a topic and contains many of the important definitions, many of the details are missing. During the lecture, we shall fill in the missing details, resulting in “marked-up” slides. **I will not make available the marked-up slides.** I have chosen this route of lecture-note delivery for two reasons.

1. The process of marking-up the slides slows me down. Trust me, this is a good thing.
2. I like to think that lecture attendance has benefits. Not providing the marked-up lecture notes is my little nudge towards increase attendance.

### 2.7 Tutorials

Tutorials, each led by a course Teaching Assistant (TA) will be offered (almost) weekly. The schedule will be posted on the Portal. The primary goal of these sessions is to review Tutorial Problem Sets.<sup>1</sup> Tutorial assignments will not be graded, but are designed to improve the student understanding of the core material and to prepare students for the term tests and final examination.

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<sup>1</sup>Written solutions to Tutorial Problem Sets will not be provided.

## 2.8 Evaluations

Your in-class iClicker responses count for 5% of your course grade. The three term tests will comprise 45% of the course grade. The tests will consist of a combination of short-answer and multiple-choice questions.

The final examination (50% of the course grade) is composed of multiple-choice and short-answer questions. Each student in Economics 200 will answer a set of multiple choice questions covering core material that is common to all sections, and a set of questions specific to each section.

### 2.8.1 Evaluations: What's on the test?

While the final examination is cumulative, term tests are not. (Caveat: Economics is cumulative, so in covering current material, there will most surely be questions that use concepts, definitions, etc. from previous tests.)

If a concept, skill, or topic is addressed in lectures, required readings, or tutorials, it is testable.

**N.B.** My choosing to devote scarce lecture time to a topic or concept is a good indication I find it important. Things I find important have a nasty habit of appearing on tests and exams. While this set of facts **in no way** rules out the inclusion of material not covered in lectures, it may be helpful in prioritizing your preparation.

### 2.8.2 Evaluations: Marking and Appeals

If **after** reviewing the test solutions you believe your exam was incorrectly graded, you must go to TA office hours to discuss the issue with a TA. If at this point you would like your exam regraded, the TA will bring your exam to the Instructor *without indicating the answer you are disputing*. The *entire* test will be regraded, which may result in either an increase or decrease of your grade.

Note that if we made an error adding your marks, please bring it to the attention of a TA, either in office hours or your tutorial. (We will not regrade your entire exam in this case.)

### 2.8.3 Evaluations: Medical Certificates

If you are unable to write any of the tests for medical reasons, you must submit official documentation within one week of the missed test. Further details:

- The official University of Toronto Medical Certificate <http://www.healthservice.utoronto.ca/pdfs/medcert.htm>, must be used.
- Medical Certificates must be submitted to the instructor in person (i.e., not to the Department receptionist and not by fax or e-mail).
- Your physician must clearly indicate that in his or her professional opinion you were unable to write the test on that particular date. This means that the doctor cannot just repeat your complaint — the physician must clearly certify that you were sick and unable to write the test on that particular day.
- Suspicious medical certificates will be forwarded to the Office of Student Academic Integrity (OSAI) for further evaluation.

### 2.8.4 Evaluations: Make-Up Test

Students missing a term test for an approved, certified medical reason (see above), or other approved cause, will be permitted to write a comprehensive (i.e., cumulative) make-up test towards the end of the term. Students who do not qualify for writing the make-up test will receive a grade of zero for the missed test. This make-up test may only replace **one** missed term test.

**N.B.** Students who miss the final exam must petition the Faculty of Arts and Science for permission to write a deferred examination in the summer.

**Make-up details:** Friday, April 5, 2013, location and time to be announced.

### 2.9 Getting Help

**Office Hours** My office hours are listed on page 1. The Monday slot is drop-in: just show up. The Thursday slot is by appointment only. To make a 15-minute appointment, visit <https://tungle.me/rgazzale> at least 6 hours before the requested appointment.

**TA Office Hours** Each week, course TAs will hold drop-in office hours. Hours and locations will be posted early in the semester.

**TA Sessions** Always a good bet.

**The Economics Study Centre** Located in Gluskin 110 (150 St. George Street), the Economics Study Centre is staffed by third and fourth-year undergraduate students (peer mentors) who assist students on a one-to-one basis or in study groups. Starting in the beginning of October, mentors are available Mondays through Thursdays, 1:00PM–5:00PM, with special ECO200 hours Wednesdays from 11:00AM–1:00PM. See <http://www.economics.utoronto.ca/index.php/index/undergraduate/load/studyCentre> for further details.

**Study Groups** Many find it beneficial to work on problems in small groups.

### 2.10 Communication

The TAs and I will make important announcements in lectures and tutorials, on the Portal, or via e-mail to the class. We obtain your UofT e-mail address from the Portal.

Unfortunately, given the size of this course, you should not expect a personal reply if you e-mail me with a request. If you have a private concern or if you would like a personal reply then please speak to me in person during my posted office hours. In contrast, if there is a course issue that you think I should know about (e.g. error in posted solutions, broken link on the course website, etc.), please feel free to notify me via e-mail. In other words, you can use e-mail with me the same way I do with you: to let the other know about something but not as part of a back-and-forth discussion. For the latter, we need to talk.

### 2.11 Doing Well in ECO200

A student faces a classic economic problem. She takes a bunch of inputs (time and effort spent reading, solving problems, going to class, etc.) to produce an output: knowledge and understanding, which is hopefully highly correlated with her grade.<sup>2</sup> Her main resource, time, is rather constrained. Each individual student will solve this time allocation problem differently: some will be less willing to give up leisure time (or time devoted to other courses or a job) to devote it to this course; some may need to read multiple times to match the comprehension another gains in one reading. That being said, I offer three pieces of advice.

**Prepare for lectures.** I have two things in mind. First, PDFs of the slides I project during lecture will be available on the Portal. Many find it helpful to print the PDFs before class and take notes on the printout. Second, do the textbook reading, at least at a level of general comprehension, *before* class. I am going to expect that you have done so.

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<sup>2</sup>There is, of course, a random component. Don't you just hate when the topic you know really well is under-represented on an exam?

**Do problems.** The most important skill in this class is the ability to take the concepts we develop in class and apply them to novel situations and environments. Solving problems is the best way I know to develop this skill. (Solving problems also serves a valuable self-assessment role.) In addition to Tutorial Problem Sets and end-of-chapter problems in the texts, I will post problems on the Portal.

**Seek assistance. Wisely.** Economics is cumulative and ECO200 is fast paced. Resolving confusion quickly, perhaps with assistance from the sources above, is key to keeping up. That being said, do not underestimate the benefits of struggle. There is tremendous value to taking incorrect paths, and understanding why they do not work, before arriving at a fruitful approach. Finding the balance between struggle and assistance is tricky but worthwhile.

### 3 TENTATIVE SCHEDULE

Our tentative schedule is below. While I have built in some wiggle room (i.e., slack classes), adjustments are not unlikely. Any modifications to the schedule will be widely announced.

| Week | Date      | Topic                  | Textbook Reading | Clicker Group |
|------|-----------|------------------------|------------------|---------------|
| 1    | 12-Sep-12 | Supply & Demand Review | Chapters 1 & 2   |               |
| 2    | 19-Sep-12 | Preferences & Utility  | Chapter 3        | Even          |
| 3    | 26-Sep-12 | Consumer Choice        | Chapter 4        | Odd           |
| 4    | 3-Oct-12  | Theory of Demand       | Chapter 5        | Even          |
| 5    | 10-Oct-12 | Slack class            |                  | Odd           |
| 6    | 17-Oct-12 | Inputs and Production  | Chapter 6        | Even          |
| 7    | 24-Oct-12 | Term Test 1            |                  |               |
| 8    | 31-Oct-12 | Firm Costs             | Chapter 7        | Even          |
| 9    | 7-Nov-12  | Cost Curves            | Chapter 8        | Odd           |
| 10   | 14-Nov-12 | Perfectly Competition  | Chapter 9        | Even          |
| 11   | 21-Nov-12 | Applications           | Chapter 10       | Odd           |
| 12   | 28-Nov-12 | Slack class            |                  | Even          |
| 0    |           | Term Test 2            |                  |               |
| 13   | 9-Jan-13  | Monopoly               | Chapter 11       | Odd           |
| 14   | 16-Jan-13 | Price Discrimination   | Chapter 12       | Even          |
| 15   | 23-Jan-13 | Game Theory            | Chapter 14       | Odd           |
| 16   | 30-Jan-13 | Oligopoly              | Chapter 13       | Even          |
| 17   | 6-Feb-13  | Slack class            |                  | Odd           |
| 18   | 13-Feb-13 | Term Test 3            |                  |               |
|      | 20-Feb-13 | NO CLASS               |                  |               |
| 19   | 27-Feb-13 | General Equilibrium    | Chapter 16       | Odd           |
| 20   | 6-Mar-13  | Externalities          | Chapter 17       | Even          |
| 21   | 13-Mar-13 | Uncertainty            | Chapter 15       | Odd           |
| 22   | 20-Mar-13 | Adverse Selection      | TBD              | Even          |
| 23   | 27-Mar-13 | Moral Hazard           | TBD              | Odd           |
| 24   | 3-Apr-13  | Slack Class            |                  |               |