

**Microeconomic Theory**  
**Eco 206 Y1Y section L5101**  
**Fall 2012/Winter 2013**  
**University of Toronto**

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**COURSE DESCRIPTION**

Microeconomic Theory is an economic methodology course. It will equip you with tools to answer microeconomic questions in a precise way. It will help develop your abstract thinking and analysis skills. Problem solving will be an important part of the course

The main topics will be individual decision making (consumer and firms) and the results of their interactions in the market. We will also talk about different market structures, distortions, asymmetric information and Game Theory.

By the end of this course, students should have mastered the basic tools of microeconomic analysis and have developed their problem solving skills. They should be able to analyze complex problems by figuring out which is the applicable method or tool and be able to use it appropriately. The student should also be able to critically evaluate economic arguments using the concepts and models covered in class and convey this to a general audience.

**COURSE INFORMATION**

*Instructor*

Kripa Freitas

Department of Economics

Max Gluskin House, Room 224

[k.freitas@utoronto.ca](mailto:k.freitas@utoronto.ca)

(416) 978-4537

*Office hours*

Drop in: Wednesdays 4-5pm

By appointment only: Fridays 9- 11 am

Appointments can be easily made at: <https://www.timetrade.com/book/2P41J>

*Lectures*

Wednesdays 6-8pm

Location: MP 102

*Tutorials*

Wednesdays 8-9pm

Location: MP 102

*TA*

TA information and office hours will be posted on Blackboard under the Contacts tab

*Textbook*

The required textbook for this course is

*Microeconomics: An Intuitive Approach With Calculus* – Thomas Nechyba, 2010,  
South Western Cengage Learning

### *Website*

The course website will be on Blackboard (<http://www.portal.utoronto.ca>). All course material, announcements, problem sets, assignments etc. will be posted on the website. It will be the primary means of communication for this class. You will be responsible for checking the Blackboard course site regularly for class work and announcements. Any communication will be emailed to the class list as it appears on Blackboard.

### *Prerequisites*

Students must have the following prerequisites as per the Calendar to be able to take this course: ECO100Y1(70%);MAT133Y1(63%)/(MAT123H1(63%),MAT124H1(63%))/ (MAT135H1(60%),MAT136H1(60%))/MAT137Y1(55%)/MAT157Y1(55%)

Exclusion: ECO200Y1, ECO204Y1

It is your responsibility to make sure you satisfy the prerequisites. The Economics Department strictly enforces them and you will be dropped from the course if you do not satisfy them.

## **EVALUATION**

### *Due dates*

The grade for this class will be based on three midterms, three writing assignments, weekly problem sets and a final. For the **required** term tests and assignments, the due dates are below.

	Due Date	Time and Location
Midterm 1	Oct 24th	6:10-7:25pm, TBA
Midterm 2	Jan 23rd	6:10-7:25pm, TBA
Midterm 3	Mar 6th	6:10-7:25pm, TBA
Assignment 1	Nov 14th	12 am, submission details below
Assignment 2	Feb 13th	12 am, submission details below
Assignment 3	Mar 27th	12 am, submission details below
Final	Final examination period, Location TBA	

In addition, you have the option of completing graded weekly problem sets via Aplia. The due dates for these are posted on the problem set.

### *Weights*

The weights on the term tests and assignments will depend on your choice to have your Aplia grades count towards your grade or not. The Aplia problem sets are worth 10% of

your grade. If you choose not to use them count, then this weight gets distributed across the midterms and finals. Specifically, the weights are as follows:

	<b>With Aplia</b>	<b>Without Aplia</b>
Midterm 1	15%	17%
Midterm 2	15%	17%
Midterm 3	15%	17%
Problem Sets	10%	0%
Assignment 1	10%	10%
Assignment 2	Total	total
Assignment 3		
Final	35%	39%

### *Aplia Opt-Out Procedure*

If you **do NOT** want to have your Aplia grades reflected in your course grade you **are required to complete and sign** the “Aplia Opt-Out Form” available on Blackboard under the assignments tab. This needs to be uploaded onto Blackboard by September 26th. Your choice either way is binding and **cannot be changed** during the term. If you do not submit the form by the date above, your course weights will be calculated according to the “With Aplia” scheme.

### *Problem sets*

The purpose of the problem sets is help you work through the concepts introduced in class and to apply them to different examples. Microeconomics is best learnt by doing so this is an important part of the course.

Graded problems sets can be accessed through Aplia at <http://econ.aplia.com>.

Instructions on how to register with Aplia will be provided during the first day of class. Typically, there will be one graded problem set per week. Assignment due dates will be posted on the assignments. The required textbook includes a complimentary copy of Aplia if it is purchased through the bookstore or Discount.

In addition the TA will post and cover ungraded problem sets during tutorial time. These problems will be different from the Aplia problem sets and better resemble the type of problems you are likely to see on the exam.

### *Assignments*

There will be **three individual writing assignments**. They will help develop your abilities to analyze economic arguments and communicate your reasoning through writing. The goal is to get you to take the concepts and tools you have learnt in class and translate that knowledge to economic analysis. The total weight for all three assignments is 10%.

Very briefly for every assignment you will be given an article and will be asked to critically evaluate it. Further details will be provided on the course website. You will need to submit your assignments online on Blackboard and on <http://www.turnitin.com/> on the due dates and time mentioned. Check the General Assignment Instructions handout on Blackboard for more details. In addition you need to bring a hard copy to class.

No extensions are granted for any reason (illness, computer problems etc.) There is a 10 percentage point (out of 100) penalty per 24 hours, per assignment for handing in late assignments. For example, if you hand in two assignments less than 24 hours after the due date, your total penalty for the assignments part will be 10+10=20%.

### *Midterms and Final*

In general midterms cover material from the first lecture after the last midterm (the first class for the first midterm) and the lecture before the midterm. However, exact coverage will be posted before each midterm. The final is cumulative and will cover all of the material from the course.

### **COURSE OUTLINE**

	<b>Date</b>	<b>Chapters</b>	<b>Material</b>
Week 1	Sept 12	1 and 2	Introduction; Constraints
Week 2	Sept 19	2, 4 and 5	Constraints, preferences and utility
Week 3	Sept 26	6	Choice
Week 4	Oct 3	7 and 8	Income and substitution effects
Week 5	Oct 10	3A1, B1; 8A2, B2; 9A2	Labor supply
Week 6	Oct 17	9A1 B1; 18A1, B1, and 10	Demand and elasticities;
Week 7	Oct 24	10	<b>Midterm 1</b> , Consumer surplus
Week 8	Oct 31	17 (excluding 17A3 and B3)	Risk
Week 9	Nov 7	17	Risk
Week 10	Nov 14	11 and 12	Production, cost minimization and profit maximization
Week 11	Nov 21	11 and 12	"
Week 12	Nov 28	13	Short and long-run decisions
Week 13	Jan 9	14 and 15	Competitive market equilibrium and the FTWE
Week 14	Jan 16	16	General Equilibrium
Week 15	Jan 23	23	<b>Midterm 2</b> , Monopoly
Week 16	Jan 30	23	Price Discrimination
Week 17	Feb 6	24	Strategic Thinking and Game Theory
Week 18	Feb 13	25	Oligopoly
Week 19	Feb 27	25	Oligopoly
Week 20	March 6	19	<b>Midterm 3</b> , Distortion (1)
Week 21	March 13	20	Distortion (2)
Week 22	March 20	21	Externalities
Week 23	March 27	22	Asymmetric Information
Week 24	April 4	27	Public Goods

## MISSING A MIDTERM

Please note that if you miss a midterm you are not automatically allowed to take the make-up. Only if your reason for missing the exam is for a *valid, documented* reason and your reason is accepted, will you be given a make up test.

To be considered for a make up test you need to do the following:

- You need to **email me the day of the exam** to say that you will not be taking the exam. The email should have a detailed explanation of why you are unable to take the test.
- You have till **one week** after the test to follow up the email with the documentation. This needs to be handed in to me **in person** either after class or in my office. If you don't provide the documentation in time or if your note is not accepted you will be assigned a grade of 0 for the midterm.
- If you need to miss the test for a medical reason, I will require a fully completed original (not scanned, copied, or emailed) University of Toronto Medical Certificate, available at:  
<http://www.healthservice.utoronto.ca/pdfs/medcert.htm>
- It needs to be completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional) and the doctor's OHIP registration number must be provided. As part of the process I may contact the doctor to verify details.
- The physician's report must establish that the patient was examined and diagnosed at the time of illness, not after the fact. I will not accept a statement that merely confirms a report of illness made by the student and documented by the physician.
- For the illness to be considered, the note from a doctor should state that in their opinion on the date of the test you are too ill to write the exam.
- In general conditions such as colds, headaches, diarrhea, stomach aches or other similar conditions are not accepted as sufficient reasons for missing an exam. Simply not feeling your best, suffering from stress or anxiety is no longer considered to be an excused absence.
- If you need to miss the midterm for any *unexpected* other reason (like funerals etc..) you must provide documentation (like a funeral program/obituary, air tickets etc..). In addition I will need a note from a responsible adult which also has their contact information so I can verify the details.
- The final decision to accept any note lies with me or the undergraduate chair.

## MAKE-UP EXAM

If your note is accepted then you will be allowed to take the make up test.

There will be a **common cumulative** make-up exam towards the end of the second semester for all students who miss any exam. It is usually the last week of class. The

exact date and time will be announced closer to the date. The format may be different from the class midterm.

Consistent with university policy, there is no “make-up” test for the make-up test. No medical excuses will be accepted, and grade of zero will be applied if a student fails to write the make-up test.

## **GENERAL CLASS POLICIES**

### *Re-Grades*

Requests for re-grades will be accepted in writing up to one week after each exam or assignment is returned. When requesting a re-grade, it is important to attach a detailed note on the front indicating the problem you want us to take a look at, as well as why you think your grade should be changed. We re-grade entire exams, not just individual questions, so your grade could go up or down.

### *Email Policy*

I will try to respond to emails within 24 hours outside of weekends. However, I do not respond to emails that ask a question that can be answered by looking at the syllabus or course website. Most questions cannot be answered adequately over the email so I will ask you to see me in office hours. Questions on grading will only be answered during office hours.

### *Academic Integrity<sup>1</sup>*

Academic integrity is fundamental to learning and scholarship at the University of Toronto. Participating honestly, respectfully, responsibly, and fairly in this academic community ensures that the U of T degree that you earn will be valued as a true indication of your individual academic achievement, and will continue to receive the respect and recognition it deserves.

Familiarize yourself with the University of Toronto’s *Code of Behavior on Academic Matters* (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). It is the rule book for academic behavior at the U of T, and you are expected to know the rules.

The University of Toronto treats cases of academic misconduct very seriously. All suspected cases of academic dishonesty will be investigated following the procedures outlined in the *Code*. The consequences for academic misconduct can be severe, including a failure in the course and a notation on your transcript. If you have any questions about what is or is not permitted in this course, please do not hesitate to contact me. If you have questions about appropriate research and citation methods, seek out additional information from me, or from other available campus resources like the U of T Writing Website (<http://www.writing.utoronto.ca/>). If you are experiencing personal challenges that are having an impact on your academic work, please speak to me or seek the advice of your college registrar.

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<sup>1</sup> From the UofT Academic Integrity Statement and Checklist

Plagiarism is a concern with writing assignments. Your writing assignments must be submitted via turnitin.com. You can find details about what constitutes plagiarism and how to avoid it in class at <http://www.utoronto.ca/academicintegrity/> . Being unaware of what constitutes plagiarism is not a defense

The University disclaimer on Turnitin.com

*"Normally, students will be required to submit their course essays to Turnitin.com for a review of textual similarity and detection of possible plagiarism. In doing so, students will allow their essays to be included as source documents in the Turnitin.com reference database, where they will be used solely for the purpose of detecting plagiarism. The terms that apply to the University's use of the Turnitin.com service are described on the Turnitin.com web site".*