

ECO200: SECTION L0301: 2013–14
MICROECONOMIC THEORY

1 THE BIG PICTURE

Lectures. Wednesdays: 10:00 AM – 12:00 PM; SS2102.

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

Contacting me.

office:	Max Gluskin House (150 St. George Street), Room 330
office hours:	Mondays, 2:30 PM – 4:00 PM Thursdays, 11:00 AM – 12:00 PM (by appt. http://meetme.so/rgazzale)
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Texts and Materials.

- **Required:** Goolsbee, Levitt and Syverson, *Microeconomics*, First Edition, 2013.
- **Required:** iClicker.
- **Required:** Handouts as posted on the Portal.

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

Assessments.

	Date & Time	Length	Weight
iClicker	All Year	N/A	5%
Writing Assignment 1	Friday, November 29, 2013; 5 PM	N/A	4%
Writing Assignment 2	Friday, March 28, 2014; 5 PM	N/A	6%
Term Test 1	Friday, October 25, 2013; 4 – 6 PM	2 hours	15%
Term Test 2	December exam period	2 hours	15%
Term Test 3	Friday, February 14, 2014; 4 – 6 PM	2 hours	15%
Final Examination	April exam period	3 hours	40%

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 behaviour 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 necessary 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.governingcouncil.utoronto.ca/policies/behaveac.htm>), 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, the *Verification of Student Illness or Injury* form.
- To alter and submit for re-marking any course assignment (e.g., a test).
- To obtain under false pretence a medical certificate.
- To use **or possess** an unauthorized aid in any test or exam (e.g., cellphone, graphing or programmable calculator).
- To continue writing when the time is up in any test or exam.
 - **N.B.** Anyone writing when the invigilator announces the end of the test or exam period automatically loses 5% of the total marks available on the 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 version of the required text.

2.4 The Writing Assignments

The models we develop in ECO200 can be rather abstract. We¹ have two goals with the writing assignments. First, we seek to help you sharpen your skills in applying these models to the real world. Additionally, we hope to sharpen your skills in developing and presenting (economically grounded) analyses and arguments.

Towards these ends, in all ECO200 sections there will be two required writing assignments worth a combined 10% of your course grade. Further details will be posted on the Portal.

¹I am not a fan of “the majestic plural”: the use of “we” when the writer really means “I”. In this case, “we” refers to the faculty of the department of Economics, which is committed to requiring economics majors to take courses with a significant writing component.

2.4.1 *Plagiarism*

Plagiarism is a potentially serious problem in writing assignments. There will be more details concerning the definition of plagiarism, advice on how to avoid it, and the associated penalties when we discuss the assignment in more detail. The term paper must be submitted for review through <http://turnitin.com/>. Instructions will be provided along with the details to the assignment. It is important to underscore that the Department of Economics prosecutes all cases of plagiarism vigorously. This includes unintentional plagiarism. Ignorance of the rules of plagiarism is specifically excluded as a defence. This is the University's disclaimer concerning 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.

2.4.2 *Extensions*

Nope. No extensions will be granted due to illness, computer problems, or any other excuse, as ample time has been provided to complete the project.

2.5 *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.

Just like more traditional class participation marks, quality matters. iClicker responses earn some marks if incorrect, but more marks if correct. Each unanswered question earns 0 marks, and each response earns 1 mark. While the number of additional marks for a correct response can vary across questions, the default is 2 additional marks for a correct answer.² If the green vote status light illuminates when you submit a response then it has been successfully recorded; a red light indicates a problem.

iClicker participation starts with the second lecture, meaning there are 23 lectures with iClicker participation. For each lecture, I will calculate the marks you earned as a percentage of the total marks available that day. Your iClicker mark will be an equally weighted average of your 20 highest percentages.

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.

2.6 *Tests and the Final Examination*

Term Tests will be comprised multiple choice questions, short-answer questions, and problems to be solved. The skills developed and refined in the writing assignments will be particularly beneficial for the short-answer questions.

²This means that 1 mark will be earned for a response to a question in which there is no objectively correct answer.

One half of the Final Examination marks will be based on multiple choice questions common to both ECO200 sections. The other half of the marks will come from Gazzale-specific questions, and will be some combination of multiple choice, short answer, or problem solving.

2.6.1 *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.

2.6.2 *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.)

2.6.3 *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. The details:

- I only accept the official University of Toronto's *Verification of Student Illness or Injury*, fully completed by a Physician, Surgeon, Nurse Practitioner, Registered Psychologist or Dentist.
- The **original** certificate must be submitted to me, Prof. Gazzale, in person (i.e., not to the Department receptionist and not by fax or e-mail).
- The practitioner must have assessed you no later than the day of the missed test.
- The practitioner must initial either Serious or Severe.
- Suspicious certificates will be forwarded to the Office of Student Academic Integrity (OSAI) for further evaluation.

2.6.4 *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 4, 2014, from 9:00 AM to 11:00 AM. Location to be announced.

2.7 *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.

2.8 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.

2.9 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 gain practice and expertise in setting up and solving problems similar to those on tests and exams. In some sessions, the TA will review difficult material, and in most sessions there will be time for student questions. Tutorial Problem Sets will be posted beforehand.³ 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.

2.10 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 <http://meetme.so/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.⁴ 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.

³Written solutions to Tutorial Problem Sets will not be provided.

⁴Additional “micro only” hours will be held weekly at a time to be determined.

2.11 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.

2.12 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.⁵ 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.

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.

⁵There is, of course, a random component. Don't you just hate when the topic you know really well is under-represented on an exam?

Week	Date	Topic	Reading
1	11-Sep-13	Supply & Demand Review	Chapters 1 & 2
2	18-Sep-13	Surplus	Chapter 3
3	25-Sep-13	Consumer Behaviour	Chapter 4
4	2-Oct-13	Theory of Demand	Chapter 5
5	9-Oct-13	Slack class	
6	16-Oct-13	Producer Behaviour	Chapter 6
7	23-Oct-13	Firm Costs	Chapter 7
8	30-Oct-13	Slack class	
9	6-Nov-13	Perfect Competition	Chapter 8
10	13-Nov-13	General Equilibrium	Chapter 14
11	20-Nov-13	Slack Class	
12	27-Nov-13	Monopoly	Chapter 9
13	8-Jan-14	Price Discrimination	Chapter 10
14	15-Jan-14	Game Theory	Chapter 12
15	22-Jan-14	Slack Class	
16	29-Jan-14	Imperfect Competition	Chapter 11
17	5-Feb-14	Slack Class	
18	12-Feb-14	Investment, Time & Insurance	Chapter 13
	19-Feb-14	NO CLASS	
19	26-Feb-14	Adverse Selection	Chapter 15
20	5-Mar-14	Moral Hazard	Chapter 15
21	12-Mar-14	Slack Class	
22	19-Mar-14	Externalities	Chapter 16
23	26-Mar-14	Public Goods	Chapter 16
24	2-Apr-14	Slack Class	