

**Microeconomic Theory**  
**ECO206 Y1Y – Section L5101**  
**Summer 2014**  
**University of Toronto**

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## **COURSE DESCRIPTION**

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

The main topics covered will be individual decision making (consumers and firms) and the results of their interaction in the market. We will also cover different market structures, distortion, asymmetric information and Game theory.

The learning objectives for this course are the following, first, for students to learn how to use the basic tools of microeconomic analysis. They should be able to approach a problem, figure out which tool to use and use it correctly. It is important that they are able to identify the underlying assumptions and are aware of how they affect the results.

The other objective is for students to be able to evaluate economic arguments using the concepts covered in the course. They should be able to identify the reasoning and critically examine it. They should then be able to convey their analysis clearly and precisely to a general audience.

## **COURSE INFORMATION**

*Lectures:* Tuesdays and Wednesdays, 6-8pm

Location: SF1101

*Tutorials:* Thursdays, 6-8pm

Location: SF1101

Exceptions: Thursday, June 12<sup>th</sup>; Thursday, July 17<sup>th</sup>; Thursday, August 7<sup>th</sup> (regular class will be held on these dates; see course schedule below)

There will be three additional writing tutorials, date and location TBA.

*Instructors:*

First semester (May-June):

Jie Cao

Max Gluskin House, Room 78

[jay.cao@mail.utoronto.ca](mailto:jay.cao@mail.utoronto.ca)

*Office hours:* Wednesdays, 5-6pm and 8-9pm (SF1101)

Second semester (July-Aug):

Kirsten Cornelson

Max Gluskin House, Room 346

[kirsten.cornelson@utoronto.ca](mailto:kirsten.cornelson@utoronto.ca)

*Office hours:* Wednesdays, 5-6pm and 8-9pm (SF1101)

TA:

Xin Zhao

[skyxin.zhao@utoronto.ca](mailto:skyxin.zhao@utoronto.ca)

Office hours: Thursdays, 2:30-4:30 (GE213)

Additional office hours will be held from 2:30-4:30 on Monday, June 9<sup>th</sup>; Monday, July 14<sup>th</sup>; and Friday, August 1<sup>st</sup> (GE213.)

*Textbook:*

The required textbook for this course is *Microeconomics: An Intuitive Approach with Calculus* (Thomas Nechyba, 2010.) The chapters covered in each class are listed in the course outline below. You are expected to do the reading before class.

*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:*

You will be dropped from the course if you do not 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. See:

<http://www.economics.utoronto.ca/index.php/index/undergraduate/load/prerequisites>

## EVALUATION

The grade for this class will be based on three midterms, three writing assignments, and a final. The due dates and weights are:

Assignment/Test	Weight	Due Date	Time and Location
Midterm 1	17%	Tuesday, June 10th	In class
Midterm 2	17%	Tuesday, July 15th	In class
Midterm 3	17%	Tuesday, August 5th	In class
Assignment 1	4%	Thursday, June 12th	10am, online
Assignment 2	5%	Thursday, July 17th	10am, online
Assignment 3	5%	Thursday, August 7th	10am, online
Final	35%	Final Exam Period	TBA

*Problem sets*

The purpose of the problem sets is to 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. The TA will post and cover ungraded problem sets during tutorial time.

### Assignments

There will be **three individual writing assignments**. 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. These assignments 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. You will need to submit your assignments online on Blackboard and on <http://www.turnitin.com/> on the due dates and time above. Check the General Assignment Instructions handout on Blackboard for more details.

**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 up to and including the lecture before the midterm. Exact coverage will be posted before each midterm. The final is **cumulative** and will cover all of the material from the course.

### COURSE OUTLINE

Note: The course outline below is subject to change depending on the pace we move at during class.

Lecture	Day	Date	Chapters	Material
1	Tue	13-May	1 and 2	Introduction; Constraints
2	Wed	14-May	4 and 5	Preferences and utility
3	Tue	20-May	6	Choice
4	Wed	21-May	7 and 8A1,B1	Income and Substitution effects
5	Tue	27-May	3A1,B1; 8A2,B2; 9A2,B2	Labor supply
6	Wed	28-May	9A1,B1; 18A1,B1	Demand and Elasticities
7	Tue	3-Jun	10	Consumer Surplus
8	Wed	4-Jun	17 (exclude 17.3)	Risk
	Tue	10-Jun		<b>Midterm 1</b>
9	Wed	11-Jun	17 (exclude 17.3)	Risk
10	Thu	12-Jun	11 and 12	Production, cost minimization and profit maximization

				<b>Assignment 1 due</b>
11	Tue	17-Jun	11 and 12	Production, cost minimization and profit maximization
12	Wed	18-Jun	13	Short and long run decisions
13	Wed	2-Jul	14 and 15	Competitive market equilibrium and the FWT
14	Tue	8-Jul	16	General Equilibrium
15	Wed	9-Jul	23	Monopoly
	Tue	15-Jul		<b>Midterm 2</b>
16	Wed	16-Jul	23	Price Discrimination
17	<b>Thu</b>	17-Jul	24	Strategic Thinking and Game Theory
				<b>Assignment 2 due</b>
18	Tue	22-Jul	25	Oligopoly
19	Wed	23-Jul	25	Oligopoly
20	Tue	29-Jul	19	Distortion (1)
21	Wed	30-Jul	20	Distortion (2)
	Tue	5-Aug		<b>Midterm 3</b>
22	Wed	6-Aug	21	Externalities
23	<b>Thu</b>	7-Aug	22	Asymmetric Information
				<b>Assignment 3 due</b>
24	Tue	12-Aug	27	Public Goods

## MISSING THE MIDTERM

Term tests are an important part of this class. Missing a test does not automatically mean that the make-up test will count for your grade. Please note that the make-up can only substitute for *one* missed test.

If you need to miss the midterm you need to do the following:

### STEP 1 (EMAIL):

You need to email me BEFORE the exam to say that you will not be taking the exam. In case of extreme emergencies (e.g. traffic accident right before the test) you have till 24 hours after the midterm to send the email. The email should be sent from your official University of Toronto email

address (no gmail, hotmail etc.)

The FORMAT of the email is as follows

1. The subject line should be "Eco 206 missed midterm"
2. The content of the email should be as follows

The first part should concisely explain your reasons for missing the test. You should specify why your reason does not permit you to take the test.

This should then be followed with a list of classes and term work due the day of the midterm and two days before and after the midterm. If no term work was due please state that for each other class you are taking.

Whether you attended (or will attend) the classes and/or turned (or will turn in) any term work due.

Names and contact information for the professors of those classes. I may contact the other professors to verify details.

3. The email should end with the following sentence "I understand that it is a punishable academic offence to present false or misleading information in support of my request for accommodation for missed term work"
4. This sentence should be followed by your name and student number.

#### STEP 2 (DOCUMENTATION):

- If you missing the midterm for a medical reason you will need to hand in a medical note. At minimum it should be from the University of Toronto Health Service. It needs to be completed by a qualified medical doctor (e.g., not an acupuncturist, chiropractor, or other health care professional)
- 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.
- You have till one week after the test to follow up the email with the documentation. Please attach a copy of the email you sent me to the documentation. This needs to be handed in at the economics reception desk at Max Gluskin house.

#### STEP 3 (TAKE THE CUMULATIVE MAKE UP MIDTERM):

When you email me you will get a short response with the information for the cumulative make-up test. If your reason is not accepted then you will be informed after writing the make-up test and will meet with me to discuss the issue.

If you do follow the steps or if your reason is not accepted then you will be assigned a grade of 0 for the midterm. The final decision to accept any reason lies with me or the undergraduate chair.

Please note that you may get your grades for the make-up *after* the drop deadline. 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 two weeks 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, and explaining in details 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*

We will try to respond to emails within 24 hours outside of weekends. We will 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 (usually those requiring more than a one sentence answer or questions requiring a discussion). For such questions, please come see me during office hours. Questions on grading will only be answered during office hours.

Priority for emails and office hours will be given to questions on more recent material. We cannot guarantee a timely response to questions regarding material covered more than two weeks earlier. This includes the weeks just prior to midterm tests and exams. As such, it is strongly advised that you keep up with the course material.

### *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.

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".*

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1 From the U of T Academic Integrity Statement and Checklist