

Eco 206Y1Y Section L0101, L0201: Microeconomic Theory, Summer 2015
Kripa Freitas and Young Wu: Department of Economics, University of Toronto

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, analytic and communication 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, distortions, asymmetric information and Game theory.

The broad learning objectives for this course are the following:

1. 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.
2. 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.

CLASS INFORMATION

Meeting Times: TWR, L0101: 10am – 12 noon and L0201: 4-6pm *Location:* LM161
In general lectures will be held on Tue and Wed with tutorials on Thu. You can attend any lecture you like as they should be the same barring minor pace variations. However, you have to take the exam for your section. Not doing so is equivalent to missing a midterm.

Contact information

CLASS EMAIL: eco206.utoronto@gmail.com

All course related questions should be sent to this email id. Please see Email policy on page 4

| Term: | <u>May 12-June 18</u> | <u>June 29- Aug 10</u> |
|---------------|--|--|
| Instructor: | Prof. Kripa Freitas | Mr. Young Wu |
| Contact: | k.freitas@utoronto.ca GE 224, 416-978-2268 | yiyang.wu@mail.utoronto.ca GE 003 |
| Office hours: | Drop in (GE 100): Mon 1-3pm. By appointment (GE 224): Fri 9.30-11am. Book at: https://www.timetrade.com/book/2P41J | Drop in (IN313): Wed 1-3pm, 7-9pm |

TA : Office hours and contact information will be posted on Blackboard under the contacts tab.

Website: <http://www.portal.utoronto.ca>

All course material, announcements, problem sets, assignments etc. will be posted on Blackboard. You are responsible for checking it regularly. All communication will be sent to the class list on Blackboard.

Required Textbook: Intermediate Microeconomics with Calculus by Hal Varian, First edition.
Required Workbook: *Workouts*, Intermediate Microeconomics by Theodore Bergstrom and Hal Varian, Ninth edition.

Prerequisites

You will be dropped from the course if you do not have the required prerequisites:
 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 the following term tests. Please bring a non-programmable calculator and your T-card to all tests and classes.

| Term Test | Weight | Date | Time |
|---|--------|--|------------------|
| Midterm 1 | 20%* | Thursday, June 4, 2015 | In class |
| Midterm 2 | 20%* | Thursday, July 2, 2015 | In class |
| Midterm 3 | 10%* | Thursday, July 23, 2015 | In class |
| * The total midterm portion of your grade will be 50%. The lowest midterm counts for 10% while the other two count for 20% each. | | | |
| Assignment 1** | 5% | Thursday, June 11, 2015 | 10:00 am, online |
| Assignment 2** | 5% | Thursday, July 30, 2015 | 10:00 am, online |
| Class Participation | 5% | Every lecture | In class |
| Final | 35% | Final examination period, Location TBA | |

** Assignments need to be submitted on Blackboard AND Turnitin.com before the deadline.

Midterms and Final

The lowest midterm grade will count for 10% while the others count for 20% each.

In general midterms are not cumulative. Exact coverage will be posted before each midterm. However, course concepts build on previous material so you cannot completely ignore prior material. The final is **cumulative** and will cover all of the material from the course. The final exam is common across both sections.

Class Participation

Every lecture we will be asking you to answer a few in class questions¹. Some answers will be collected on paper while other will be collected online using [Socrative](#). It is a free service. Please download the app on your phone or bring a wireless enabled laptop to class. If you don't have any device you can submit your answers on paper during the lecture. For closed ended questions (e.g. multiple choice) incorrect answers will be worth one point while correct ones will be worth 2 points. The short answer questions will be graded very coarsely. The number of questions asked during class may vary but each lecture will count the same towards your grade. No exceptions will be made for missed lectures. Your lowest two scores from each semester will be dropped to account for this.

¹ If you attend the same lecture more than once only the first attempt will count toward your grade

Problem sets

We will post ungraded problem sets. This is an important part of the course. The purpose is, through practice, to develop mastery of class tools and to guide you through applications. The midterm will ask you to apply course concepts to new contexts without step by step guidance. The workbook questions are also an essential step in mastering the material. They are easier than the exam questions but help you build skills that you can use to solve more complex problems.

Assignments

There will be **two 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 help deepen your understanding of course materials. When you face more open ended contexts you have to figure out what are appropriate tools to use, think about the underlying assumptions and consider alternative explanations. You have to examine how economic arguments are formulated and analyzed using class tools. They also help develop your communication skills by making you to explain your reasoning in words and consider the intuition behind the math.

You will need to submit your assignments **online** in **two** ways for the assignment to be considered submitted - on **Blackboard** and on **Turnitin.com** by the due dates and time above. Check the Assignment Instructions 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%.

ACADEMIC INTEGRITY²

Academic integrity is fundamental to learning and scholarship at the University of Toronto. You are expected to know the University of Toronto's *Code of Behavior on Academic Matters* (<http://www.governingcouncil.utoronto.ca/policies/behaveac.htm>). Cases of academic misconduct are taken very seriously and the consequences can be severe. All suspected cases of academic dishonesty will be reported to the Department of Economics and OSAI.

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

You may answer in class questions only for yourself. Cheating on any part jeopardizes your entire participation grade. All cases will be reported to the Economics Department and OSAI. A student who "helps" another student can expect an equal punishment.

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

² From the UofT Academic Integrity Statement and Checklist
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information from me, or from other available campus resources like the U of T Writing Website (<http://www.writing.utoronto.ca/>).

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".

GENERAL CLASS POLICIES

Re-Grades

Requests for re-grades will be accepted in writing up to two weeks after term work is returned. Attach a detailed note with your request that explains with reference to course materials as to why you think you deserve a different mark. The entire exam is re-checked so your mark could go up or down.

Email Policy

We will try to respond to emails within 48 hours, outside of weekends. Email is best for quick answers. For questions on course material it is best to see us in office hours so they can be answered adequately. If you do not get a reply please check Blackboard, the syllabus or see me or the TA during office hours. Questions on grading will only be answered during office hours. Use the class email id for course related questions. Other questions should be directed to the instructors.

MISSING A MIDTERM

Missing a test does not automatically mean that the make-up test will count for your grade. You need to follow the procedure below. If this is an issue that lasts for more than a few days contact your College Registrar immediately. Make-up exams are **cumulative** and will be scheduled at a date and time chosen by the professor with as little as *one business days' notice* by email.

Step 1: Send an email to the professor that has the information below

1. It is sent BEFORE the midterm (else 5% penalty per 24 hours)
2. It is sent from your official University of Toronto email address (no gmail, hotmail etc.. email ids)
3. The subject line should be "Eco 206 missed midterm"
4. It explains concisely (less than 150 words) why you are not able to take the exam – keep the tone appropriate to an academic setting.
5. It lists all your courses and professors
6. It lists all the course work due for all your classes the week of, before and after the class midterm.
7. It explains briefly all the effort you have undertaken to study for all your courses the week of the midterm or explain you have done no effort.
8. 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"
9. This sentence should be followed by your name and STUDENT NUMBER.

Step 2: Within a week you need to submit original documentation to the economics reception desk at Max Gluskin House. For illness, use the official [Verification of Student Illness or Injury form](#) completed by a qualified medical doctor with their OHIP number. Any other *unexpected* other reason (like funerals etc..) needs documentation (like a funeral program/obituary, air tickets etc..).

Step 3: Check your email for the make-up information and take the exam. You will get an email within 3 business days of the missed exam. As per university policy, there is no “make-up” for the make-up test. You will get zero if you miss the make-up exam.

Remember: 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. The make-up can only substitute for one missed test.

COURSE OUTLINE

All the material we cover in class, material in the textbook chapters, problem sets and workbooks is considered testable material. Appendices are included unless explicitly excluded.

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

| Lec. | Day | Date | Chapters | Material |
|------|------------|---------------|-----------|---|
| 1 | Tue | 12-May | 1 and 2 | Introduction and Budget Constraint |
| 2 | Wed | 13-May | 3 and 4 | Preference and Utility |
| | <i>Thu</i> | <i>14-May</i> | | <i>Tutorial</i> |
| 3 | Tue | 19-May | 5 | Choice |
| 4 | Wed | 20-May | 6 and 15 | Demand - Individual and Market |
| | <i>Thu</i> | <i>21-May</i> | | <i>Tutorial</i> |
| 5 | Tue | 26-May | 8 | Income and Substitution Effects (Slutsky) |
| 6 | Wed | 27-May | 9 and 14 | Labor Supply and Consumer Surplus |
| | <i>Thu</i> | <i>28-May</i> | | <i>Tutorial</i> |
| 7 | Tue | 2-Jun | 16 | Equilibrium |
| 8 | Wed | 3-Jun | 12 | Uncertainty |
| | Thu | 4-Jun | | Midterm 1 |
| | Mon | 8-Jun | | <i>Writing Tutorial 10-11am (MP 134), 6-7pm (MP 134)</i> <i>Optional Problem Set 1 due</i> |
| 9 | Tue | 9-Jun | 13 | Risk |
| 10 | Wed | 10-Jun | 19 | Technology |
| | Thu | 11-Jun | | <i>Tutorial, Writing Assignment 1 due</i> |
| 11 | Tue | 16-Jun | 20 | Profit Maximization |
| 12 | Wed | 17-Jun | 21 and 22 | Cost Minimization and Cost curves |
| | <i>Thu</i> | <i>18-Jun</i> | | <i>Tutorial</i> |

| Lec. | Day | Date | Chapters | Material |
|------|------------|---------------|--------------|---|
| 13 | Tue | 30-Jun | 23 and 24 | Firm and Industry Supply |
| | Wed | 1-Jul | | No Class |
| | Thu | 2-Jul | | Midterm 2 |
| 14 | Tue | 7-Jul | 32 | Exchange |
| 15 | Wed | 8-Jul | 33 | Production |
| | <i>Thu</i> | <i>9-Jul</i> | | <i>Tutorial</i> |
| 16 | Tue | 14-Jul | 34 and 35 | Welfare and Externalities |
| 17 | Wed | 15-Jul | 29 | Game Theory |
| | <i>Thu</i> | <i>16-Jul</i> | | <i>Tutorial</i> |
| 18 | Tue | 21-Jul | 30 | Game Theory Applications |
| 19 | Wed | 22-Jul | 25 | Monopoly |
| | Thu | 23-Jul | | Midterm 3 |
| | Mon | 27-Jul | | <i>Writing Tutorial 10-11am (MP 134), 6-7pm (MP 102)</i> <i>Optional Problem Set 2 due</i> |
| 20 | Tue | 28-Jul | 26 and 27 | Monopoly Behavior and Factor Markets |
| 21 | Wed | 29-Jul | 28 | Oligopoly |
| | Thu | 30-Jul | | <i>Tutorial, Writing Assignment 2 due</i> |
| 22 | Tue | 4-Aug | 38 | Asymmetric Information |
| 23 | Wed | 5-Aug | 37 | Public Goods |
| | <i>Thu</i> | <i>6-Aug</i> | | <i>Tutorial</i> |