



## WINTER 2020 – ECONOMICS 3113 X2 INTERMEDIATE MICROECONOMIC THEORY II

**TIME:** Tuesdays and Thursdays at 10:00am – 11:30am    **CLASSROOM:** BAC 237

**INSTRUCTOR:** Dr. Burç Kayahan

**OFFICE LOCATION:** BAC340

**OFFICE TEL:** (902) 585 14 92

**EMAIL ADDRESS:** [ckayahan@acadiu.ca](mailto:ckayahan@acadiu.ca)

**OFFICE HOURS:**

Mondays and Wednesdays @ 1:00pm–3:00pm, other times by appointment

**COURSE DESCRIPTION:**

This course builds on the knowledge gained from Principles of Microeconomics (ECON 1013). The first half of the course develops an economic model of the consumer choice with a detailed analysis of the consumers' preferences and the budget set. The analysis links the individuals' choices to the market demand, the equilibrium and the implications on resource allocation in the economy. The second half of the course focuses on the behavior of firms and their decisions.

**COURSE OBJECTIVES:**

Upon successfully finishing this course, students will be able

- Explain the concept of scarcity and how it influences the choices of what, how and for whom goods and services are provided.
- Model consumer choice of consumption goods subject to a budget constraint and producer choice of inputs subject to a technological constraint.
- Identify the conditions that characterize a perfectly competitive market and explain the concepts of equilibrium and comparative statics analysis.
- Analyze the effects of government actions on individual and social welfare.

**TEXTBOOK (REQUIRED):**

The **textbook for the course** is *Intermediate Microeconomics: A Modern Approach*, 9<sup>th</sup> edition by Hal R. Varian. This book is available at the bookstore.

At the time of purchase, you should also **receive the accompanying workbook**, *Workouts in Intermediate Microeconomics*, 9<sup>th</sup> edition by Theodore C. Bergstrom and Hal R. Varian **at no extra cost**. Other materials may be referred to as we proceed through the course.

## EVALUATION:

3 assignments (@ 10% each)	<b>30%</b> (Dates: TBA)
Midterm	<b>30%</b> (Date: February 11 <sup>th</sup> )
Final	<b>40%</b> (Date: TBA by the Registrar's Office)

If you are a student with documentation for accommodations who anticipates needing supports or accommodations, please contact Marissa McIsaac, Accessibility Resource Facilitator at 902-585-1520, [disability.access@acadiau.ca](mailto:disability.access@acadiau.ca) or Emily Duffett, Accessibility Officer, 902-585-1823, [disability.access@acadiau.ca](mailto:disability.access@acadiau.ca). Accessible Learning Services is located in Rhodes Hall, rooms 111-115.

The following grading system will be utilized in this course:

Alpha grade	GPA value	Percentage range*	Rating
A+	4	95 – 100	
A	4	90 – 94	Excellent
A-	3.67	80 – 89	
B+	3.33	77 – 79	
B	3	73 – 76	Good
B-	2.67	70 – 72	
C+	2.33	67 – 69	
C	2	63 – 66	Average
C-	1.67	60 – 62	
D+	1.33	57 – 59	
D	1	53 – 56	Pass
D-	0.67	50 – 52	
F	0	0 – 49	Failure

## REQUIREMENTS:

I expect my students to attend the classes in a regularly and organized manner. The **first month** is especially crucial in developing a good understanding of the economic modelling. Due to the mathematical nature of the course and time limitations, students will be expected to supply out-of class preparation time by solving exercises in order to digest the information provided in the lectures. Only via solving sufficient number of exercises you can truly master microeconomic theory.

The course website will be available via Acadia Courseware & Online Resource Network (ACORN) at <http://acorn.acadiu.ca>. Make sure to check this site every week for course related materials and announcements that will be available as we progress throughout the course.

## ACADEMIC INTEGRITY:

It is the responsibility of students to familiarize themselves with the University's policy on academic ethics. Copying, plagiarism and other academic offences will not be tolerated. Penalties

are severe and may result in suspension from a program/course and expulsion. A complete list of Academic Regulations can be found on the Policies page of the University's website. I strongly recommend that all class members review the sections found on pages 44 of the 2019-20 academic calendar dealing with **Academic Integrity**. It is a serious offence to engage in **academic misconduct**.

## **TENTATIVE SCHEDULE OF TOPICS**

Chapter 22	Cost Curves
Chapter 23	Firm Supply
Chapter 24	Industry Supply – Sections 24.1 – 24.4
Chapter 25-26	Monopoly and Monopoly Behavior <ul style="list-style-type: none"><li>• Natural Monopoly</li><li>• Price Discrimination</li><li>• Two-part Tariff</li><li>• Location Models</li></ul>
Chapter 28-30	Game Theory and Its Applications in Oligopoly <ul style="list-style-type: none"><li>• Games of Coordination, Competition, Commitment</li><li>• Repeated Games, Collusion</li><li>• Cournot and Bertrand Competition</li><li>• Price Leadership, Quantity Leadership</li></ul>
Chapter 38	Asymmetric Information <ul style="list-style-type: none"><li>• Market for Lemons</li><li>• Adverse Selection</li><li>• Signaling</li><li>• Moral Hazard</li><li>• Auctions</li></ul>
Chapter 35	Externalities <ul style="list-style-type: none"><li>• Coase Theorem</li><li>• Tragedy of the Commons</li></ul>
Chapter 37	Public Goods <ul style="list-style-type: none"><li>• Free Riding</li><li>• Vickrey-Clarke-Groves Mechanism</li><li>• Vickrey Auction</li></ul>
Chapter 31	Behavioral Economics