

McMaster University  
Department of Economics  
**Economics 2GG3**  
**Intermediate Microeconomics II**  
**Spring, 2018**

**Instructor:** *Dr. Robert Jefferson*  
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**Office Hours:** Mondays, 4:00-5:30

**Lectures:** Mondays, Wednesdays, 9:00-noon; T13 125

**Exams:** **Midterm:** Wednesday, May 23, 9:00-10:30 am  
**Final:** Wednesday, June 13, 9:00-11:30 am

**Course Description:**

Intermediate Microeconomics II is partially a continuation of Microeconomic Theory I (2G03), and partially a stand-alone course.

The overall focus of Intermediate Microeconomics II is general equilibrium and welfare.

We begin with the description/analysis of consumer theory: why do people buy/consume the things they do? How is their behavior altered when prices or incomes change, and how do we measure the effects of these changes on individual well-being and/or *social welfare*?

We extend our consumer models to analysis of economic agents both buying and selling goods and services. Applications of buying/selling include the labour supply decision (the labour/leisure model), and optimal choice over two or more time periods (intertemporal choice—which can imply borrowing or lending).

Many of our economic decisions must be made before we are certain of their consequences. We analyse choice under uncertainty, and actions that can be taken to increase expected utility, such as insuring against losses.

Goods and services are not always purely private—some impose costs or provide benefits to individuals external to the markets in which they are provided and exchanged. Our next group of topics concerns external benefits and costs, problems associated with ill-defined property rights (especially common property resources), and public goods (collective consumption goods).

## **Course Resources:**

### ***Text:***

Varian, Hal R., *Intermediate Microeconomics: A Modern Approach*, (9th ed.), W. W. Norton, 2014

(Earlier editions of the text (5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup>) can be used—some of the chapters have been renumbered and revised in later editions)

Bergstrom, T., and Varian, Hal R, "Workouts"—packaged with Varian text.

### ***Avenue to Learn (Avenue) site:***

We will use a site on Avenue for

Dissemination of information (announcements, course notes, exam practice)

Online homework

Students are automatically given access to the course site upon registration.

## **Student Evaluation:**

Online Quizzes	10%
Class Participation (Squarecap Questions)	5%
Midterm Examination (May 23)	35%
Final Exam (June 13)	50%

If your computed participation mark is higher (percentage-wise) than your final exam mark, the participation mark will be given 5% weight, and the final exam mark will be given 50% weight.

If your computed participation mark is lower (percentage-wise) than your final exam mark, the participation mark will be given 0 weight and the final exam mark will be given 55% weight.

In this respect, participation is 'voluntary'. Students who choose not to participate will have the weight on the participation mark transferred to the final exam

### **Class Participation: SQUARECAP**

Participation marks are awarded as follows:

The total marks for each 80-minute HALF class will be 5.

Three of the five are awarded for answering at least 75% of the questions posed in class, even if all of these are answered incorrectly. This is the “attendance” portion of the participation grade.

One mark is awarded for each question answered correctly, to a maximum of two. This is the “performance” portion of the participation grade.

The participation grade will be computed as the average of the best fourteen (N-8) of twenty-two (N) ‘participation’ class scores.

Eight “misses” are permitted to allow for missed classes, or phone/ wi-fi malfunction.

*The MSAF cannot be used to obtain relief for clicker marks, as the clicker mark calculation automatically allows for short-term absences.*

Students will receive the calculated participation grade, or the final exam grade, **whichever is higher**. Thus, participation is “optional”. Empirical observation has shown that clicker grades of participating students generally exceeds final exam grades.

## **Participation**

We will be using the Squarecap (web based) Audience Response System.

Access Squarecap on your phone or tablet by connecting to <https://www.squarecap.com>. Preferred browsers are Google Chrome and Safari.

**1. Visit the Squarecap website <http://www.squarecap.com> and Sign Up (create a password—a valid password has a minimum of eight (8) character, contains at least one uppercase letter, at least one lowercase letter, at least one number, and at least one symbol)**

- Choose McMaster University as your school
- Use your @mcmaster.ca email address
- Create any suitable password (a valid password has a minimum of eight (8) character, contains at least one uppercase letter, at least one lowercase letter, at least one number, and at least one symbol)
- Select 'Student'
- Click on the orange **Sign Up** button

This will log you in. The next time you can click on **Sign In** and use the same email address and password to login.

**2. If you successfully logged in, you will see:**

“There are no active lectures in progress. Please refresh this page when your instructor starts the lecture”. If your instructor already started the lecture, you will see a classroom seat map instead. (See 3). If you do not see it, try refreshing the page.

**3. Select a seat on the seat map corresponding to where you are sitting (Not Used)**

**4. Answer the current question from the instructor by going to the Current Question tab.**

**5. Select A/B/C/D/E from among the choices.**

You can change your answer until the timer expires. When you see ‘Answer choice X Saved’ it means your answer has been recorded. Answer each question the instructor posts in a similar way. If you did not submit a response you will see ‘No response recorded!’ when a question is finished. If you see ‘Saving...’ It means your answer is not saved yet.

**6. Once all the questions have been finished, click on ‘Back to Lectures’.**

## **On-Line Quizzes**

Five (5) on-line quizzes/assignments are on the course Avenue site. These are in the nature of homework, designed to help students keep up with the material, but to do so at their own pace. Students are encouraged to work together on these on-line quizzes, either in person or by using the discussion board—but each student must, ultimately, answer the quiz questions individually.

Only one submission of a quiz will be accepted, but students may open and exit from each quiz as many times as they like before submitting answers.

***Where multiple 'attempts' (usually two) are accepted, the grade recorded is the HIGHEST score on the several attempts.***

After the quiz “closes” (no more submissions accepted), the answers, with instructor feedback, will be made available to be used as study aids.

To allow for off-weeks, illness, or scheduling conflicts, students are allowed to disregard the lowest quiz mark when the total mark for online quizzes is computed. No more than one quiz mark can be dropped, irrespective of when a student registers for the course—late registration thus carries a (very small = 2.5 marks total) penalty.

*The **MSAF** cannot be used to obtain relief for homework quiz marks, as each quiz is open for more than the **THREE** days covered by **MSAF**.*

**The value of on-line quizzes comes not from the marks awarded for their completion, but from the learning that takes place as students work them.**

Any question that has appeared, with its associated explanation, on a quiz, will be judged as suitable for use in either of the midterm examinations or in the final examination.

## **Examinations**

### **Use of Calculators**

Only the Casio FX-991 series calculator may be used for tests and the exam (available in the bookstore).

### **Photo ID**

You will be required to show your university photo ID at all tests and the exam.

### **Scan Sheets**

All tests and the final examination will be **multiple choice questions** to be answered on scan sheets.

You must use an HB pencil to fill in these sheets and you are responsible for providing your own.

## **Mid-Term Examinations**

The mid-term examination will be written during class, May 25.

The MSAF form is acceptable only for work worth less than 25% of the course grade. As the midterm exam is worth 35%, the regular MSAF **cannot** be used to excuse absence.

In the event that a student is unable to write on the scheduled date, he/she must provide documentation to the student's faculty Associate Dean's office. The Faculty will determine if the student can be excused from the exam, and will either notify the instructor or arrange for the submission of a valid online absence reporting form.

Due to the difficulty of scheduling additional rooms and proctors, there are no deferred midterms. **If** a student is excused from the midterm (by the student's faculty Associate Dean), the final exam grade will be the grade received for the midterm.

If the student's faculty Associate Dean does not validate absence from the midterm, a mark of zero will be recorded. The instructor will NOT excuse a student if the faculty Associate Dean does not.

## **Final Examination**

The final examination for the course is cumulative, covering everything in the course. It will be 2.5 hours in length, written at **9:00 am on Wednesday, June 13.**

**SHOULD YOU MISS THE FINAL EXAMINATION:** The MSAF cannot be used for a missed final examination for any McMaster course.

Documentation must be provided to your faculty's Associate Dean's office. Students excused from the final exam will write a deferred exam during the deferred examination period.

Students who do not write the exam will receive a mark of F until a deferred exam has been written.

There are **NO EARLY WRITES** for the final exam.

See:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/UndergraduateExaminationsPolicy.pdf>

### **Academic Misconduct:**

*Academic dishonesty consists of misrepresentation by deception or by other fraudulent means and can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university. It is your responsibility to understand what constitutes academic dishonesty. For information on the various kinds of academic dishonesty please refer to the Academic Integrity Policy, specifically Appendix 3, located at <http://www.mcmaster.ca/academicintegrity/>*

*We have a zero – tolerance policy with respect to cheating. Any student found cheating will be given a grade of zero on the test or exam. In every case, you will be reported to the Office of Academic Integrity and to your faculty. If it is a first offence, a letter will remain in your file until you graduate. If it is a serious first offence or a second offence, the minimum penalty is zero in the course and a notation on your transcript.*

*If you are found with a cheat sheet, a cell phone, iPod, etc. on your person during a test or the exam, this constitutes cheating and you may be prosecuted as outlined above, even if you were not using such items at the time. Talking at any time during a test or exam is also cheating, regardless of what you claim you were talking about. In addition, we have software that can identify students who were copying from other students. Any and all of these cases will be prosecuted in full.*

### **Course Modification Warning**

*The instructor and university reserve the right to modify elements of the course during the term.*

*The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check his/her McMaster email and course websites weekly during the term and to note any changes.*

### **Faculty of Social Sciences E-Mail Communication Policy**

*Effective September 1, 2010, it is the policy of the Faculty of Social Sciences that all e-mail communication sent from students to instructors (including TAs), and from students to staff, must originate from the student's own McMaster University e-mail account. This policy protects confidentiality and confirms the identity of the student. It is the student's responsibility to ensure that communication is sent to the university from a McMaster account. If an instructor becomes aware that a communication has come from an alternate address, the instructor may not reply at his or her discretion.*

## Course Chronology

<u>Week</u>	<u>Text Chapter</u>	<u>Topic</u>
April 30	Varian: Ch. 2, Varian: Ch. 3	Budget Sets Preferences,
May 2	Varian: Ch. 4 Varian: Ch. 5	Utility, Consumer Optimum
On-Line Quiz #1, Due (Closes) May 8, 8:00 pm		
May 7	Varian: Ch. 7 Varian: Ch. 15	Revealed Preference Market Demand, Elasticity
May 9	Varian, Ch. 8 Varian: Ch. 14	Income and Substitution Effects Surplus, Efficiency, Monetary Measures of Well-Being
On-Line Quiz #2, Due (Closes) May 15, 8:00 pm		
May 14	Varian: Ch. 9  Varian: Ch. 10	Buying and Selling, Labour-Leisure Choice Intertemporal Choice
May 16	Varian: Ch. 32  Varian, Ch. 19	General Equilibrium I: Pure Exchange Production Technology Review
On-Line Quiz #3, Due (Closes) <b>May 21</b> , 8:00 pm		
<b>May 21</b> <b>Victoria Day Holiday -- No Class</b>		



## Course Chronology (continued)

<u>Week</u>	<u>Text Chapter</u>	<u>Topic</u>
<b>May 23</b>	<b>Midterm Examination</b>	
May 23	Varian: Ch. 20	Profit Maximization Review
May 28	Varian: Ch. 33	General Equilibrium II: GE with Production
May 30	Varian, Ch. 34 Varian: Ch. 12	Public Choice, Social Welfare Choice under Uncertainty I
On-Line Quiz #4, Due (Closes) June 5, 8:00 pm		
June 4	Varian: Ch. 12 Varian, Ch. 35	Choice under Uncertainty II Externalities
June 6	Varian, Ch. 35 Varian: Ch. 37	Common Property Resources Public Goods. Preference Revelation
June 11	Varian: Ch. 37	Public Goods. Preference Revelation
On-Line Quiz #5, Due (Closes) <b>June 11, 6:00 pm</b>		
<b>June 13: <u>FINAL EXAMINATION</u></b>		