

# McMaster University, Department of Economics

*ECON 2GG3 – Intermediate Microeconomics II*

*Summer 2018*

## Course Outline

- Instructor: Anastasios Papanastasiou, Ph.D.
- Office hours: Tuesday 10-11am and by appointment.
- Office: KTH 434
- Office Phone: 905-525-9140, ext. 24593
- e-mail: papanasa@mcmaster.ca
  - Please use your McMaster email account and include the course number or name in the subject heading of any email you send me.

## Lectures

- Mon/Wed, 9am-12pm; DSB AB102

## Teaching Assistants

The names, offices, office hours and email addresses of the TA's will be posted on the Avenue to Learn website.

It is your responsibility as a student to be aware of and to abide by the University's policies regarding academic misconduct, e-mail communication, maintaining copies of out-of-class assignments, what to do when you cannot meet a course requirement and the drop date for this semester. To better understand these policies, visit: <http://www.mcmaster.ca/academicintegrity/students/> and <http://academiccalendars.romcmaster.ca/index.php>.

## Course Description

The course introduces students to the fundamentals of consumer choice, choice under uncertainty, general equilibrium and welfare analysis. Consumer choice uses familiar tools from ECON 2G03 to examine the problem of individual decision making when consumers are perfectly informed about the value of their choices. We then examine how their optimal choices may be affected when the outcome of their actions is not known with certainty at the time the action is taken. Finally, we develop a framework for welfare analysis in economies with multiple markets.

## Prerequisites

- ECON 2G03 OR ECON 2X03.
- MATH 1M03 or equivalent.

## Textbooks

- **Intermediate Microeconomics: A Modern Approach** (9th Edition), Varian, Hal, W.W. Norton, 2014
  - Bergstrom, T., and Varian, Hal, *Workouts*

## Course Requirements

- There will be two midterms and a final exam, to be written in class.

Component	Date	Weight (% of final grade)
Midterm 1	June 27	30%
Midterm 2	July 16	30%
<i>Total Term Work</i>		<b>60%</b>
Final Exam	August 1	<b>40%</b>

### *Important Notes:*

1. If your performance on the final exam is better than your term work average, the weights will be shifted to 40% for term work and 60% for the final examination.
  - **Warning** : Do not become complacent because of this opportunity. Falling behind makes it difficult to do well at all in the course.
2. It is your responsibility to check the Avenue-to-Learn website on a daily basis to keep up with the course (news announcements, practice questions etc.)
3. The final exam will be comprehensive and based on the entire course.
4. I shall be giving weekly review questions through the Avenue-to-Learn website. There are no marks associated with these exercises but they will help you prepare for the written examinations. The solutions will be posted with a lag of one week; in the meantime, you are encouraged to do your best to solve the questions on your own. The review questions will be more difficult, on average, than the examination questions, so if you feel that you can easily solve the review questions that is a strong signal that you are doing well in the course.
5. If you find yourself struggling in this course, you are encouraged to discuss your difficulties with me during my office hours as early in the semester as possible. If something is unclear, ask for clarification in advance! **You are strongly encouraged to express your thoughts and questions during the lectures.**
6. While there is no golden rule, if you are pursuing an A+ in this course I recommend the following:
  - a. Attend all lectures. Doing so will make homework much much easier, and you will get a sense of what to expect in the examinations.
  - b. Work through the lecture notes, the in-class examples, homework questions and the related chapters from the textbook at home.
  - c. Keep up with the lectures. Catch up if you miss a lecture or a homework assignment as soon as possible - do not postpone studying until the exam period!

## Course Content

Material	Chapter in textbook
1. Budget Constraint	2
2. Preferences	3
3. Utility	4
4. Choice	5
5. Demand	6
6. Slutsky Equation	8
7. Uncertainty	12
8. Consumer's Surplus	14
9. Exchange	32
10. Welfare	34
11. Externalities	35
12. Public Goods	37