

McMaster University
Department of Economics
Economics 2GG3
Intermediate Microeconomics II
C01, Fall, 2016

Instructor: *Dr. Robert Jefferson*
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Office Hours: Tuesdays, Thursdays, 1:00-2:00

Lectures: Mon., Thurs., 9:30-10:20; Tues., 10:30-11:20; TSH B105

Midterms: **Midterm I:** Friday, February 3, 7:00-8:15 pm
Midterm II: Friday, March 10, 7:00-8:15 pm

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 (5th, 6th, 7th, 8th) 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.

Teaching Assistants:

Contact and schedule information will be posted on our Avenue site.

Econ Clinic:

The Economics Department maintains Econ Clinic four days per week. Economics graduate students are available for consultation and help.

Student Evaluation:

Online Quizzes	10%
Class Participation (Squarecap Questions)	5%
Midterm Examination #1 (February 3)	15%/25
Midterm Examination #2 (March 10)	15%/25%
Final Exam (During Formal Exam Period)	45%

Midterm Grade Weight:

If your score on the first midterm examination exceeds your score on the second midterm examination, the first midterm mark will be given 25% weight, and the second midterm mark will be given 15% weight.

If your score on the second midterm examination exceeds your score on the first midterm examination, the first midterm mark will be given 15% weight, and the second midterm mark will be given 25% weight.

If you miss a midterm (with MSAF or other documentation), the written midterm will be given 25% weight, and the other 15% weight will be added to the final examination.

Generally, the higher of the two midterm scores will be given 25% weight, and the lower of the two midterm scores will be given 15% weight.

Participation Grade Weight:

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 45% 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 50% 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 50-minute 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 twenty (N-8) of twenty-eight (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 participation marks, as the participation 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 participation grades generally exceed 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

There will be nine (9) on-line quizzes/assignments included 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.

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 = 1.25 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 examinations will be written on February 3rd and March 10th.

In the event that a student is unable to write on the scheduled date, the MSAF form (<https://pinjap01.mcmaster.ca/msaf/offline.jsp>) or a medical certificate should be submitted within 5 days. With documentation, the 15% of total course grade from the missed mid-term will be re-assigned to the final examination. In the absence of valid documentation (please note that the MSAF form can be used only ONCE in a term), a zero will be assigned for the missed mid-term exam.

Due to the difficulty of scheduling additional rooms and proctors, there are no deferred midterms.

Final Examination

The final examination for the course is cumulative, covering everything in the course. It will be written during the Final Examinations period, scheduled by the Examinations Office.

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.

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

MSAF Use

The McMaster Student Absence Form (MSAF) is used to report absences DUE TO MINOR MEDICAL SITUATIONS that last up to 3 days and provides the ability to **request** accommodation for any missed academic work. Please note, this tool cannot be used during any final examination period.

You may submit a maximum of 1 Academic Work Missed request per term. It is YOUR responsibility to follow up with your Instructor immediately (NORMALLY WITHIN TWO WORKING DAYS) regarding the nature of the accommodation.

If you are absent for reasons other than medical reasons, for more than 3 days, or exceed 1 request per term you MUST visit your Associate Dean's Office (Faculty Office). You may be required to provide supporting documentation.

This form must be submitted during the period of absence or the following day, and is only valid for academic work missed during this period of absence.

MSAF relief will be granted for Midterm Examinations ONLY.

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

Week	Text Chapter	Topic
January 9-12	Varian: Ch. 2, Ch. 3, Ch. 4	Budget Sets, Preferences, Utility
January 16-19	Varian: Ch. 4, Ch. 5 Ch. 7	Utility, Consumer Optimum Revealed Preference
On-Line Quiz #1, Due (Closes) January 17, 8:00 pm		
January 23-26	Varian: Ch. 15 Varian: Ch. 8	Market Demand, Elasticities Income and Substitution Effects
On-Line Quiz #2, Due (Closes) January 24, 8:00 pm		
January 30- February 2	Varian: Ch. 8 Varian: Ch. 14	Income and Substitution Effects Surplus, Efficiency, Monetary Measures of Well-Being
On-Line Quiz #3, Due (Closes) January 31, 8:00 pm		
February 3 Midterm #1 (Chs. 2-5, 7-8, 15)		
February 6-9	Varian: Ch. 9 Varian: Ch. 10	Buying and Selling Labour-Leisure Choice Intertemporal Choice
February 13-16	Varian: Ch. 32	General Equilibrium I: Pure Exchange
On-Line Quiz #4, Due (Closes) February 14, 8:00 pm		
February 20-24 Reading Week		

Course Chronology (continued)

<u>Week</u>	<u>Text Chapter</u>	<u>Topic</u>
February 27- March 2	Varian: Ch. 19 Varian: Ch. 20 Varian: Ch. 33	Production Technology Review Profit Maximization Review General Equilibrium II: Gen'l. Eqbm. with Production
On-Line Quiz #5, Due (Closes) February 28, 8:00 pm		
March 6-9	Varian: Ch. 33	General Equilibrium II: Gen'l. Eqbm. with Production
On-Line Quiz #6, Due (Closes) March 7, 8:00 pm		
<div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="margin: 0;">March 10 Midterm #2 (Chs. 9-10, 14, 19-20, 32-33)</p> </div>		
March 13-16	Varian, Ch. 34	Public Choice, Welfare Choice Under Uncertainty I
March 20-23	Varian: Ch. 12 Varian, Ch. 35	Choice under Uncertainty II Externalities
On-Line Quiz #7, Due (Closes) March 23 , 8:00 pm		
March 27-30	Varian, Ch. 35 Varian: Ch. 37	Common Property Resources Public Goods
On-Line Quiz #8, Due (Closes) March 30 , 8:00 pm		
April 3-4	Varian: Ch. 37	Public Goods Preference Revelation
On-Line Quiz #9, Due (Closes) April 4, 8:00 pm		
<div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="margin: 0;"><u>FINAL EXAMINATION</u> During Formal Examination Period</p> </div>		