UNIVERSITY OF CALIFORNIA, SAN DIEGO

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DEPARTMENT OF ECONOMICS

ECON 100C: MICROECONOMICS C
LOCATION: SOLIS 107
TIME: M/W 6:30PM-7:50PM (B00) & 8:00PM-9:20PM (A00)

SPRING QUARTER 2013
SYLLABUS

Instructor: Steven B. Levkoff, Ph.D.
E-mail: slevkoff@ucsd.edu
Instructor Webpage: http://stevelevkoff.com
Course Webpage: http://ted.ucsd.edu
Office: Economics Building, Room 111
Office Hours: Mondays, 5:00pm-6:00pm, open door, or by appointment

Course Description: This course is a continuation of ECON 100A and ECON 100B in the intermediate microeconomic theory sequence. Emphasis will be placed on the analysis of market imperfections. Topics include market power, monopoly pricing, oligopolies, game theory, externalities & public goods, information economics.

Prerequisites: In order to be enrolled in this course, you should have satisfactorily completed ECON 100B or ECON 170B, ECON 100A or ECON 170A, and ECON 1. Also, you should have taken some course in multivariate calculus or optimization (MATH 10C, MATH 20C, or MATH 21C) and be comfortable with basic integration and differentiation. Supplemental review materials for the mathematics required will be provided on TED and in the readings below.

Readings:

Required:
- [1] Microeconomics: Theory and Applications with Calculus, Jeffrey M. Perloff, 2nd Edition (any edition will suffice). The UCSD custom edition can be purchased at the bookstore and can also be found on reserve at the library.
- [2] Introduction to Economic Analysis, by Preston McAfee. This text is free online at http://www.mcafee.cc/Introecon/IEA.pdf. Good text to supplement with lecture material. (Did I mention free?)

- [3] *Industrial Organization: A Strategic Approach* by Church and Ware. This book can be found online for free at http://works.bepress.com/cgi/viewcontent.cgi?article=1022&context=jeffrey_church.
- [4] *Law's Order,* by David Friedman, Princeton University Press. Can be found online for free at http://www.daviddfriedman.com/laws_order/index.shtml.
- [5] Martin Osborne's Intermediate Mathematics Tutorial: http://www.economics.utoronto.ca/osborne/MathTutorial/index.html. This is suggested if you feel that your mathematics are "rusty."
- [6] Mark Machina's ECON 100A Mathematics Handout (on TED). This handout is a mathematical survival guide to optimization in intermediate microeconomic theory.
- [7] Additional supplemental slides & readings found online (TED)
- [8] *Micoeconomics: An Intuitive Approach With Calculus*, by Thomas J. Nechyba

Discussion Sections:

Section A01: SOLIS 107 / Tuesdays 8:00pm-8:50pm
Teaching Assistants: Asad Dossani (adossani@ucsd.edu), Xuan Ding (x3ding@ucsd.edu)

Section A02: SOLIS 107 / Tuesdays 9:00pm-9:50pm
Teaching Assistants: Florian Blume (fblume@ucsd.du), Veena Jeevanandam (vjeevana@ucsd.edu)

Section B01: CENTR 101 / Thursdays 7:00pm-7:50pm
Teaching Assistants: Vinayak Alladi (valladi@ucsd.edu), Tri Phu (Alex) Nguyen (tpn004@ucsd.edu)

Section B02: CENTR 101 / Thursdays 8:00pm-8:50pm
Teaching Assistants: Oleksiy Mnyshenko (omnyshenko@ucsd.edu), Kiely Valentine (kavalent@ucsd.edu)

Homework: While not a formal part of the course grade, problem sets will play a crucial role in developing your problem solving skills and should be taken *very seriously*. In the past, it has often been the case (and is no secret if you look at my course evaluations online) that students putting the most effort into the problem sets tend to perform best on the exams because *the problem sets tend to be much more difficult than exams*. Problem sets will be assigned regularly via TED. You are encouraged to work together to solve problem sets, discuss them in the TED discussion forum, and to email the TAs questions at the course Gmail account ECON100CSP13@gmail.com. The TAs will monitor these and reply as frequently as possible.

TED Access (course webpage): It is your responsibility to make sure you are enrolled in the online course (TED) and to routinely check it and your email for announcements and to access newly distributed material. You can email IWDC@ucsd.ed to get TED access for the course if you have added late. CC the instructor of the course (slevkoff@ucsd.edu) in the email to expedite approval.

Examinations: There will be two midterms (administered at approximately weeks 4 and 8) and a final examination. The registrar has scheduled the final exam. You can view the official final exam schedule at the bookstore's website: http://bookstore.ucsd.edu/launch/scheduleofclasses.htm. Please monitor this routinely for any schedule changes. All exams are cumulative (but not necessarily uniformly so).

Grading:

Midterm Exam 1	25%	
Midterm Exam 2	35%	
Final Exam	40%	
Total	100%	

The course is graded on a relative curve (as is any college course). In particular, students will all be ranked from highest to lowest course score according to your final course grade calculated from the raw exam score weighting above. Letter grade assignments will depend on your percentile ranking in the class and a subjective assessment by the instructor in borderline cases (say, if there was marked improvement).

In the past, a student could typically guarantee themselves an A by ranking in the top 25% of students in the course and a B by ranking in the top 60%.

Some students feel that the grading scheme is risky in the sense that you have only 3 opportunities to prove yourself, so I will add the following "buffer" because I understand that sometimes people may have a bad midterm exam sitting: Since the final exam is cumulative, if you score a solid A on the final exam, (and ONLY a solid A), I will give you an A in the course and disregard your midterm grades (provided you've taken ALL of the midterms). I reserve the right to revoke this policy at any time for any reason.

Re-grade Policy: It should be known that there may be some questions on the exams that have no right or wrong answer, so how credit is awarded depends crucially on *how* you defended your answer. Accordingly, there is a *BIG* difference between an answer being a *technically correct answer* and an answer being *__the best answer__*. In these cases, credit is awarded (according to the grading rubric) for how close your answer comes to being the *best answer*. That is, an answer, while being technically correct, may not necessarily have been the best answer and hence, wouldn't necessarily receive full credit despite technical correctness.

After your exams are graded, your TA's will allow you *to see* your exam in either discussion or their office hours. If you find that there was a minor grading issue (ie: points were <u>added</u> <u>up</u> incorrectly), let us know and we will remunerate accordingly. If there is a major issue (ie: you don't think points were <u>awarded</u> correctly according to the grading rubric), DO NOT remove the exam from the TA's possession – leave it with your TA with a note on the front cover regarding the specifics of the re-grade request.

If your request for a re-grade is granted, the ENTIRE exam will be regarded (not just the part in question) and this could possibly result in higher OR lower scores. *Once you take the exam from the TA's possession, it can no longer qualify for a re-grade.* You have <u>one week</u> from the announcement of the grade distribution to resolve grading issues. Otherwise, grades are NON-NEGOTIABLE and any requests that are determined to be *excessive* in scope may warrant further point deductions unless sound arguments are used to justify the request. The instructor and TAs reserve the right to refuse any request believed to be *excessive*.

Absences & Attendance: Any exam or quiz missed for a *legitimate, university approved* reason may be made up at the discretion of the instructor (this may include an oral evaluation as an alternative to taking a written exam or a re-weighting of the exams in the grade calculation shown above). You will receive a zero on any exam or quiz missed without a legitimate reason. The instructor reserves the right to take attendance and give pop quizzes to be used in the determination of the course grade.

Supplemental Material & Slides: Throughout the course, the instructor may post supplemental readings and slides via TED. These materials are meant to be used in addition to the lecture and are not to be used as a substitute for going to lecture or reading the textbook. The instructor reserves the right to remove access to this material if he feels that it has adversely affected attendance in the lecture.

Classroom Decorum & Email: To avoid distracting others in the classroom, please arrive on time and do not leave early unless given prior permission. When class is in session, please respect others in the room and refrain from sending or receiving phone calls, pages, or text messages. Please be sure audible signals are turned off before class begins. Please restrict the use of email to the minimally necessary volume and put your full name at the end of email messages and the course name and number in the subject heading. Email questions regarding *how to do a particular homework problem* should be <u>first</u> directed to your TAs. If you can't make it to office hours, you can also email specific homework questions to ECON100CSP13@gmail.com and one of the TAs will respond to your query. Additionally, the TAs will monitor the discussion boards on TED, and these will be opened so that you can collaborate with your peers on problem sets. Questions regarding course policies will be directed to the syllabus (if applicable). All other general questions are welcome!

Statement of Academic Integrity: Integrity of scholarship is essential for an academic community. The University expects that both faculty and students will honor this principle and in so doing protect the validity of University intellectual work. For students, this means that all academic work will be done by the individual to whom it is assigned, without unauthorized aid of any kind.

Examination Policies: Consistent with the University's mission to preserve academic integrity, there are several policies and procedures that must be adhered to by students during exams.
   1) In order to be allowed into the exam, students must have:

- A BLUE or BLACK PEN (NO PENCILS!!! If you use pencil, you forfeit your chance for a re-grade.)
- A BASIC or SCIENTIFIC calculator (no graphing calculators, cell phones, or other mobile devices unless given prior approval by the instructor)
- Your UCSD student ID

2) During the exam, the following policies will be enforced:
   - Your seat will be randomized for each exam. When you enter the lecture on exam day, find your name and assigned seat number on the projector and quickly and quietly sit. Once everyone is seated, the exam will be handed out.
   - NO BATHROOM BREAKS. Be sure to use the restrooms before the exam begins. Exams are less than an hour and a half long! You can make it!!!
   - No hats, hoodies, or sunglasses during the exam.
   - Turn cell phones Off during the exam and leave them in your bag.

3) Violations of academic integrity will not be tolerated. For this course in particular, violations include, but are not limited to <u>anything that may be perceived as the following actions</u>:
   - looking at or copying from other students' exams
   - talking during an exam while exams are still out
   - looking at notes during an exam
   - taking the wrong version of an exam
   - removing an exam from the examination room
   - removing pages from an exam
   - falsifying identification or an exam book during or after the exam
   - sitting in the wrong seat during an exam (if applicable)
   - using an unapproved device/item during an exam (ie: programmable calculator, cell phone, etc. - see above list)

<u>Violation (or perceived violation) of any of the abovementioned policies will be enforced via zero tolerance and referred to the student conduct process, so don't do anything that would even come close to something that an observer would potentially interpret as academic dishonesty. NO EXCEPTIONS.</u>

Tentative Schedule of Topics (Subject to Change):

Week Of	Monday	Wednesday	Discussion	Special	Readings
4/1	Introduction / Syllabus / Review of Efficiency / Equity	Review of Price Controls / Quantity Controls / Taxes /	**No Discussion Section**		[1]: 2.6, 2.7, 5.1, 5.3, 5.4, 9.2, 10 [2]: 6.1,6.2 [3]: 2.1-2.3 [4]: 2

		Subsidies			[5], [6], [7] [8]: 10, 18, 19
4/8	Characterizing the Perfectly Competitive – Monopoly Spectrum / Market Power / Lerner Index	Uniform Pricing Monopoly / Efficiency and Equity Implications	**PS#1**		[1]: 8, 9, 11 [2]: 6.5.1-6.5.3 [3]: 2.4-2.7, 3, 12 [8]: 11, 13, 23
4/15	Perfect Price Discrimination / 3rd Degree Market Segmentation	Nonlinear Price Discrimination / Two – Part Tariff / Menu / Block Pricing	**PS#2**	**Midterm Review Friday Evening**	[1]: 12 [2]: 6.5.4-6.5.8 [3]: 4-6 [8]: 23
4/22	**Midterm Exam #1**	Intro. to Game Theory / Static Games / Dominance / Nash Equilibrium / Mixing	**Midterm Exam #1 Solutions**	**In Class Experiment**	[1]: 13 [2]: 7.1.1-7.1.4 [3]: 7 [4]: [8]: 24
4/29	Dynamic Games / Sequential / Subgame Perfect Nash Equilibrium	Repeated Games / Finite vs. Infinite / Discounting on Hiatus	**PS#3**	**In Class Experiment**	[1]: 13, 15.4 [2]: 7.1.5-7.1.8 [3]: 9 [8]: 24
5/6	Linear Demand Model / Cournot Duopoly (static) vs Monopoly & PC solutions / Cartel Solution / N-firms	Bertrand Price Competition (homogeneous product) /Bertrand Paradox / Differentiated Product Models	**PS#4**		[1]: 14 [2]: 7.2, 7.4, 7.6 [3]: 8, 11 [8]: 25, 26
5/13	Dynamic Oligopoly / Stackelberg / Price vs. Quantity Competition	Repeated Oligopoly and Cartel Stability /Antitrust vs. IP	**PS#5**	**Midterm Review Saturday Evening ?**	[1]: 14 [2]: 7.7 [3]: 10, V [4]: 11, 16 [8]: 26
5/20	**Midterm Exam #2**	Intro. to Externalities / Pigouvian	**Midterm Exam #2 Solutions**		[1]: 17.1-17.4 [2]: 6.3.1-6.3.3 [4]: 3

		Solution			[8]: 21
5/27	**Memorial Day**	Coase Theorem, Property Rights, and Bargaining (may cancel this lecture)	**PS#6**		[1]: 17.5 [2] 6.3.4-6.3.5 [4]: 4-5 [7]: Ronald Coase "The Problem of Social Cost" (on TED) [8]: 21
6/3	Excludability / Rivalry / Public Goods / Common Property Resources	Value of Information / Insurance / Asymmetric Info. /Adverse Selection & Moral Hazard	**PS#7**	**Final Review Friday Evening**	[1]: 17.6-17.7, 16, 18, 19 [2]: 6.3.6, 6.4, 6.6 [4]: 6-7 [8]: 22, 27
6/10	**FINAL A00 (6/10)**	**FINAL B00 (6/12)**			