

University of California, San Diego
Department of Economics
Fall 2007

ECON 2: Market Imperfection and Policies

Prof. Young-Han Kim
Email: kimyh@dss2.ucsd.edu
Office Hours: Tuesday & Thursday 6:30 – 7:30 p.m.
Office: Economics Bldg. #112
Lectures: Tu-Th 5:00 – 6:20 p.m. Center Hall 109
Course webpage: <http://weber.ucsd.edu/~kimyh/econ2/html>

Course Description: This course targets to analyze the principles of optimal resource allocation considering various types of market failures. After a short review on the market efficiency and monopoly, monopolistic competition and oligopoly is examined. Moreover, the market failures due to externalities and public goods are discussed in addition to the government role with respect to the market failure. Factor markets and informational issues are studied with the final discussion on the international trade and its welfare implication.

Textbook

- Michael Parkin, 2007, *Microeconomics*, 8th Edition, Pearson-Addison Wesley: P

COURSE OUTLINE

PART I: Review

Topic 1: Review of Econ 1: Efficiency and Equity
P, Chapter 5

PART II: Market Imperfections

Topic 1: Monopoly (P, Chapter 12)
Topic 2: Monopolistic Competition (P, Chapter 13)

PART III: Market Failure and Government

Topic 1: Regulation and Antitrust Law (P, Chapter 14)
Topic 2: Externalities (P, Chapter 15)
Topic 3: Public Goods and Common Resource (P, Chapter 16)

PART IV: Factor Markets, Inequality, and Uncertainty

Topic 1: Markets for Factors of Production (P, Chapter 17)

Topic 2: Economic Inequality (P, Chapter 18)

Topic 3: Uncertainty and Information

Part V: The Global Economy

Topic 1: Trading with the World

Grading

Midterm Exam 1 (30%): October 18, 2007 (Thursday) 5:00 – 6:20 p.m.

Midterm Exam 2 (30%): November 8, 2007 (Thursday) 5:00 – 6:20 p.m.

Final Exam (40%): Friday, December 14, 2007 (Friday) 7:00 – 9:59 p.m.

All students must take each exam at the scheduled date and time. Be sure to avoid any conflicts with other exams.

Homework

Homework will be assigned but not collected. It is very important that you work on the problem sets and understand them, since they are the best preparation for the exams. TAs will go over the HW in details in Discussion sections as denoted in the follows.

Discussion sessions:

Discussion Session	Day	Time	T.A.	E-mail
B01 – DI	Wed.	12-12:50p	Klafter, Ross	rklafter@ucsd.edu
B02 – DI	Wed.	4-4:50p	Shafrin, Jason	jshafrin@ucsd.edu
B03 – DI	Mon.	11-11:50a	Hitchcock, Stephanie	stephanieH54@netscape.net

Teaching Assistant Office Hours:

Name	Location	Office Hour
Klafter, Ross	Sequoyah Hall 139	Tuesday 9:00-10:00 (a.m.)
Shafrin, Jason	Econ 125	Monday 9:00-10:00 (a. m.)
Hitchcock, Stephanie	Sequoyah Hall 139	Monday 10:00 -11:00 (a.m.)

Administrative Issues:

- (1) If you have a documented disability, please bring your documentation and come to talk to me as soon as possible so that I can make suitable accommodations for you. If you believe that you have a disability and desire accommodation, please register with the Office for Students with Disabilities, Building 202 University Center as soon as possible. For information on the steps for academic accommodation, please see <http://www-senate.ucsd.edu/manual/appendices/app3.htm>.
- (2) Any student found guilty of academic dishonesty will earn a failing grade for the course. In addition to this academic sanction that I will impose, the Council of Deans of Student Affairs will also impose a disciplinary penalty. For a review of UCSD policy, please see <http://www-senate.ucsd.edu/manual/appendices/app2.htm>.
- (3) You will only need a pen or pencil for exams. Exams are closed book and you may not use notes. Exams are completely electronic-free: no calculators, headphones, cell phones, etc. are to be used during an exam.
- (4) If you arrive late to an exam, I will allow you to take the exam in the time that remains *as long as no one has turned in his/ her exam and left the room*. If a classmate has already turned in his/her exam and you arrive late, you will earn a zero on the test.
- (5) If you miss mid-term exam, you will get 0 point and there will be no makeup exam. If you have to miss a midterm for a University approved reason, the weight will be allocated to the final exam. In that case, you need to provide written proofs of your situation. The weights will not be reallocated for any reason.
- (6) UCSD now has automated waitlists. If you have any questions regarding adding or dropping the class, please refer to Triton Link at <https://tritonlink.ucsd.edu/portal/site/tritonlink-preview/menuitem.b4448692267a11256ec5e210514b01ca?storyID=17736%20> or contact the undergraduate advisors in Sequoyah Hall 245.