Econ 2, Fall 2008

Instructor: Stephen Stohs   Department of Economics, UCSD

Market Imperfections, Factors of Production and Trade

Course Objectives

Econ 2 is a sequel to Econ 1. The objectives of this course are fourfold: To analyze (1) the allocation of scarce goods and services when markets are not perfect, (2) the government and the market, (3) the markets for factors of production and (4) international trade.

Lecture and Discussion Section Information

The course meetings include three lectures and one discussion section meeting per week. Please attend the discussion section in which you are enrolled. The locations, meeting times and discussion leaders (for section meetings) are as follows:

Lecture MWF 8:00a – 8:50a Solis 104

Discussion Section W 12:00p - 12:50p (Jonathan Koh)

Discussion Section W 1:00p - 1:50p (Linchun Chen)

Discussion Section W 2:00p - 2:50p (Shalini Nageswaran)

All three discussion sections will meet in Pepper Canyon Hall 121.

Web Page

The course web page may be accessed at http://webct.ucsd.edu. Students are strongly advised to become familiar with accessing the web page early on, as this will be a repository for course lecture notes, problem sets and data. Please access the course web site regularly in order to keep abreast of any changes. If you have any question regarding grading policy, exam format or any other issues, consult the course web page first. Chances are that you can find the answer there. If you cannot, please contact one of the TAs or me by e-mail.

Textbooks

The required text for this class is Parkin, Michael (2008), *Microeconomics*, 8th edition, Pearson. We have placed ten copies of the text on reserve at the Social Science and Humanities Library in the Geisel Library building.

Problem Sets

There will be five assignments (one for each two-week period of the course), which will not be collected and graded, but which will be covered at length in discussion section. The problem sets should be taken as a good indication of the type of questions that may be asked on exams. Group study and free discussion are encouraged, but you need to develop an independent understanding of how to answer questions in order to prepare for exams.

If you have any question on the problem sets, please ask a TA or me during our office hours. I would prefer to talk to you in person. If you do not have time to come by in person, you may also send your questions by e-mail, but note that e-mail is not an ideal medium for clearing up questions.

Examinations

There will be two mid-term exams, each carrying a weight of 25%. The <u>cumulative</u> final exam will carry a 50% weight. All exams will be closed book. You do not need to bring a blue book, but you may wish to bring your own paper as a supplement to the writing space provided on the exam.

There will be no make-up exams. An exception will be made for valid emergencies. If you miss a midterm for reasons of an emergency and provide acceptable evidence, then the final exam will carry its weight.

Grading

All grading problems must be rectified within a week from the time a graded exam is returned.

- **Re-grading of exams will only be considered in cases of blatant grading error.** Re-grading will not be allowed for exams which were written in pencil. If you write in pencil, however, you can look over the exam at my office, and resolve grading disputes before leaving the office. Please address exam re-grading requests to me.
- Re-grading of the exams will also be resolved with the TA who graded the answer which is in dispute.

Course grades will be computed as follows. First, if the mean score of any exam (including the mid-term and the final) is below 75 percentage points, points will be added to all scores to bring the mean score for the exam in question up to 75. Second, a weighted average of numerical scores will be obtained. Suppose your scores on the midterms and final exam are 79, 90 and 95 (after possible adjustment), respectively. Then the final course average is computed as the weighted average rounded to the nearest integer, and the course grade is computed directly off this average: 79*25%+90*25%+95*50% = 89.75 = 90. The weights on the problem sets, midterm and final exams cannot be changed. Finally, letter grades will be assigned using the

following scale:

>=95 A+	[80,85) B+	[65, 70) C+	[50 55) D
[90,95) A	[75,80) B	[60, 65) C	< 50 F
[85,90) A-	[70,75) B-	[55, 60) C-	

Note that the scale is exact. So if your course average is 90, you will get an A. Grades very close to the boundary might be rounded up if the student is an active participant in class.

I will not assign letter grades on the midterm. However, you can refer to the above table to see where you stand.

Policy on Academic Dishonesty

Academic dishonesty is a growing problem on our campus, and will be treated in this course as a serious violation of university rules. The university's policy on academic dishonesty may be found at this web site: http://www-senate.ucsd.edu/manual/appendices/app2.htm. Students who are caught cheating on the exams will have their cases referred to the Dean of Student Affairs of the student's college, which could potentially lead to a formal hearing of the case by the Academic Dishonesty Hearing Board and a failing course grade which remains on the student's permanent record.

An exception to the general policy on academic dishonesty is made for students who wish to work together on their problem sets. If you pursue this option, it is still incumbent on you to have an independent understanding of how to answer the questions, and to submit a version of the answers to the questions in your own words to receive credit.

E-mail and Office Hours

Instructor: Stephen Stohs   sstohs@ucsd.edu

TAs: Jonathan Koh (50% time)   jhkoh@ucsd.edu

Linchun Chen (50% time)   lic026@ucsd.edu

Shalini Nageswaran (50% time)   snageswaran@ucsd.edu

Office Hours: (Instructor) Immediately after class, on request; otherwise, by appointment.

TAs: Jonathan Koh   Wednesday 3p-4p in SH 139

Linchun Chen   Mondays 1p-3p in Econ 127

Shalini Nageswaran   Fridays 9:30a-11:30a in SH 226

COURSE OUTLINE

Part I. Review
(a) Chapters 5 and 6: Review Efficiency and Equity (review from Econ 1)

Part II. Market Imperfections
(a) Chapter 12: Monopoly
(b) Chapter 13: Monopolistic Competition and Oligopoly

Part III. Market Failure and Government
(a) Chapter 14: Regulation and Antitrust Law
(b) Chapter 15: Externalities and Property Rights

Midterm Exam 1:   Friday October 24, 2008, in class

(c) Chapter 16: Public Goods and Common Resources

Part IV. Factor Market, Inequality, and Uncertainty
(a) Chapter 17: Markets for Factors of Production
(b) Chapter 18: Economics of Inequality
(c) Chapter 19: Uncertainty and Information

Midterm Exam 2: Wednesday November 26, 2008, in class

Part V. The Global Economy
(a) Chapter 20: Trading with the World

Final Exam: Monday December 8, 2008, 8a-11a, Location TBA