

Economics 2 - Market Imperfections & Policy
Spring 2014
MWF 10:00 – 10:50 am, Center Hall 101

Instructor:

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Teaching Assistants

Zachary Breig zbreig@ucsd.edu
Office Hours: Fridays, 2:15 – 3:15 pm (Economics 126)

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Office Hours: Wednesdays, 10:55 – 11:55 am (Economics 127)

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Office Hours: Tuesdays, 8:00 – 9:00 am (Economics 123)

Lily Chen lic026@ucsd.edu
(Reader)

Discussion Sections

Monday 3:00 – 3:50 pm, Peterson Hall 104
Wednesday 5:00 – 5:50 pm, Peterson Hall 104
Friday 1:00 – 1:50 pm, Peterson Hall 104

Course Description

This course applies basic economic principles and simple analytical tools to the study of public policy issues and current events. After reviewing how things work on an idealized, perfectly competitive economy, the course looks at the effects of firms and people interacting in imperfect markets. Issues such as monopoly power, the presence of externalities, public goods, game theory, and imperfect information are analyzed. Simple economic principles are applied to the study of labor markets and income disparity, and we explore the economics of health care and environmental and safety regulation.

Course Materials

Textbook: “Principles of Economics” by Robert H. Frank and Ben S. Bernanke (2012), 5th Edition, McGraw-Hill Irwin. There is a UCSD custom version of this textbook available at the UCSD Bookstore. The UCSD custom is identical to the 5th edition in every way except that it has the indifference curve appendix added, an extra chapter on International Trade, has a different cover, and is cheaper. The bookstore bundle includes Connect. Connect also has a searchable EBook.

Chapters: 7 (review), 8, 9, 10, 11, 12, 13, and 14.

An older edition of the textbook may be used, but there might be slight changes in the order of the chapters and the manner in which the material is presented. It will be your responsibility to keep track of these changes.

Course Webpage: A course webpage is available at <http://ted.ucsd.edu>.

The course webpage will contain information relevant to the course, such as homework assignments, detailed information on assignment due dates, extra practice problem sets, announcements, solutions to problem sets and exams, syllabus, and more. Please check this page regularly.

My Expectations

1. It is important to come to every lecture. If you should miss a class, it is your responsibility to get the notes and any information provided in class. There are weekly discussion sections for this course. You should attend them since the TAs will go over practice problems, the kind of problems you may encounter on exams. Discussion sessions start on **Monday April 7th**.
2. You are expected to keep up with the required reading on your own.
3. Complete all your homework assignments. Remember, homework is assigned to assist you in studying, and a way for you to check if you understand the material.

Grading

Homework Assignments

2 Midterm Exams

Final Exam

Homework: All homework assignments are worth the same, regardless of the number of questions in them. The normalized score for each assignment is the percentage of correct answers. The homework grade is computed by taking an average of the (normalized) scores of assignments, after dropping the lowest score.

Exams: The midterm exams are scheduled to **Saturday, April 26th, from 9 am to 10:20 am**, and **Saturday, May 17th, from 3 pm to 4:20 pm**. Notice that they are out-of-class midterms. The final exam will take place on **Monday, June 9th, from 8:00 am to 11:00 am** and will be cumulative. The questions asked on exams will be based on lectures, textbook reading and assigned or practice problems.

Course Grade: We will calculate for each student one point total that puts a weight of 15% on homework assignments, 20% on the first midterm exam, 20% on the second midterm exam, and 45% on the final. We will then calculate a second point total that puts the weight on 15% on homework assignments, 20% on the best of the two midterm exams, and 65% on the final. A student's grade will be based on the higher of the two numbers. The dates for the exams are not negotiable. There are no make-up exams – a missed midterm exam automatically commits a student to the second option. The overall course grade will be curved. In general, the class average corresponds to the lowest B-.

Tentative Schedule (exams dates will not change)

Date	Topic	Chapters (5 th Edition)
Mar 31 st - Apr 2 nd	Efficiency and Exchange (Review)	7
Apr 7 th – Apr 11 th	Monopoly, Oligopoly, and Monopolistic Competition	8
Apr 14 th Apr 16 th – Apr 18 th	Monopoly, Oligopoly, and Monopolistic Competition Games and Strategic Behavior	8 9
Apr 21 st Apr 23 rd - Apr 25 th Saturday April 26th	Games and Strategic Behavior Externalities and Property Rights First Midterm Examination	9 10 7, 8, 9
Apr 28 th – Apr 30 th May 2 nd	Externalities and Property Rights The Economics of Information	10 11
May 5 th – May 9 th	The Economics of Information	11
May 12 th – May 16 th Saturday, May 17th	The Environment, Health, and Safety Second Midterm Examination	13 10, 11, 13
May 19 th – May 23 rd	Public and Tax Policy	14
May 28 th May 30 th	Public and Tax Policy Labor Markets, Poverty and Income Distribution	14 12
Jun 2 nd – Jun 6 th	Labor Markets, Poverty and Income Distribution	12
Monday June 9th 8:00 am – 11:00 am	Final Examination	7, 8, 9, 10, 11, 12, 13, and 14