

Economics 2 - Market Imperfections & Policy Winter 2013

MWF 11:00 – 11:50 pm, Center Hall 214

Instructor:

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Teaching Assistants

Henrique Romero

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Discussion Section: Wed 9:00 - 9:50 am (Pepper Canyon Hall 121)

Office Hours: Thu 2:30 – 3:30 pm (Sequoyah Hall 225)

Sam Young

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Discussion Section: Wed 10:00 - 10:50 am (Pepper Canyon Hall 121)

Office Hours: Tue 10:30 – 11:30 am (Economics 126)

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, has a different cover, and is cheaper.

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. They are not mandatory. However, 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 **Wednesday January 16th**.
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 **two** lowest scores.

Exams: The midterm exams are scheduled to **Friday, February 1st**, and **Wednesday, February 27th**, at lecture time. The final exam will take place on **Monday, Mar 18th**, from **11:30 am to 2:30 pm** 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 20% on homework assignments, 20% on the first midterm exam, 20% on the second midterm exam, and 40% on the final. We will then calculate a second point total that puts the weight on 20% on homework assignments, 20% on the best of the two midterm exams, and 60% on the final. 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)
Jan 9 th - Jan 11 th	Efficiency and Exchange (Review)	7
Jan 14 th – Jan 18 th	Monopoly, Oligopoly, and Monopolistic Competition	8
Jan 23 rd Jan 25 th	Monopoly, Oligopoly, and Monopolistic Competition Games and Strategic Behavior	8 9
Jan 28 th – Jan 30 th Friday Feb 1st	Games and Strategic Behavior First Midterm Examination	9 7, 8, part of 9
Feb 4 th – Feb 8 th	Externalities and Property Rights	10
Feb 11 th Feb 13 th – Feb 15 th	Externalities an Property Rights The Economics of Information	10 11
Feb 20 th – Feb 22 nd	The Economics of Information	11
Feb 25 th and Mar 1 st Wednesday Feb 27th	The Environment, Health, and Safety Second Midterm Examination	13 9, 10, and 11
Mar 4 th – Mar 8 th	Public and Tax Policy	14
Mar 11 th – Mar 15 th	Labor Markets, Poverty and Income Distribution	12
Monday March 18th 11:30 am – 2:30 pm	Final Examination	7, 8, 9, 10, 11, 12, 13, and 14