



ST. FRANCIS XAVIER UNIVERSITY ECONOMICS

ECON 301 Intermediate Microeconomic Theory II

J. ROSBOROUGH

FALL 2021

Office: MH 3063

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Office Hours (Online)

Tues 12:00pm – 1:30pm

Wed 12:00pm – 1:30pm

Lectures (MH 2032)

Tues 9:45am – 11:00am

Thurs 8:15am – 9:30am

Description of the Course

This course builds on the basic competitive model to consider the causes and consequences of market power. Following Econ 201, the emphasis of this course is again on the concepts of constrained optimization and equilibrium but we relax many of the assumptions present in perfectly competitive markets. That is, how are pricing and production decisions made when an industry is dominated by one or two firms, and what are the consequences for efficiency? How can we predict behaviour when decisions are interdependent and individuals act strategically, or when they don't have perfect information? Although we will develop some new tools as the course progresses, the emphasis of this course is on application and connecting what you have learned so far to the real world.

REQUIRED TEXTBOOK: None

SUPPLEMENTARY BOOKS

Microeconomics, by Besanko and Braeutigam (John Wiley & Sons Inc., 2nd or Later)

Intermediate Microeconomics, by Hal R. Varian (W.W. Norton & Co., 6th ed, 2003)

Microeconomics, by Jeffrey M. Perloff (Pearson Education, 5th edition, 2009)

DROP DATE

Students may drop this course, online in Banner, on or before November 3rd.

COURSE OUTLINE

1. General Equilibrium Theory

General Equilibrium: Efficiency and Equity; Fundamental Theorems of Welfare Economics; Social Choice

2. Market Power and Monopoly

Barriers to Entry; Monopoly and Profit Maximization; Elasticity and Pricing Decisions; Welfare in Monopoly Markets

3. Price Discrimination

First Degree Price Discrimination; Two-Part Pricing Schemes; Bundling; Market Segmentation & Applications

4. The Theory of Oligopoly

Cournot and Bertrand Competition; Stackelberg Leadership; Horizontal and Vertical Product Differentiation; Spatial Competition

5. Introduction to Game Theory

Nash Equilibrium; Mixed Strategies; Repeated Games; Dynamic Games; Applications

6. Choice Under Uncertainty

Lotteries and Probabilities; Expected Utility and Risk Aversion; The Demand for Insurance; Moral Hazard & Adverse Selection; Cooperatives and Risk-Sharing



Evaluation

Your grade for the course will be determined by the following weighting scheme:

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|----------------------|---------------------------------|-----|
| • Problem Sets (4): | Throughout term | 20% |
| • Midterm Exam: | Thurs. October 21 st | 30% |
| • Final Examination: | TBA by Registrar | 50% |

Classes & Exams

Health permitting, you are expected to attend all lectures and the midterm will be scheduled during class time. The final exam for the course is cumulative and will cover material from the whole term. The structure and delivery of this class are subject to change if warranted by health and safety conditions on campus over the term.

Problem Sets & Office Hours

Problem sets will be completed online on Moodle and must be submitted by the start of the lecture in which they are due. Office hours will be held online using the link at the top of the Moodle page. If you would like to arrange an alternative time/format to meet, please feel free to email me.
