



ECON 313 A01

Intermediate Microeconomics II

Summer Session 2024, CRN 31218, 1.5 credit units, 3 contact hours, TWF: 8:30 to 10:20am, May 14, 2024 to June 28, 2024.

UVic Land Acknowledgement

We acknowledge and respect the Lək'wəḡən (Songhees and Esquimalt) Peoples on whose territory the university stands, and the Lək'wəḡən and WSÁNEĆ Peoples whose historical relationships with the land continue to this day.

Instructor Name: Elisabeth Gugl

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About the instructor:

My pronouns are she/her, I'm a white settler, an associate professor and the associate chair at UVicECON, and a mother. I was born in Austria, Europe where I lived until I was almost 25 years old. I moved to Houston, Texas, in 1998 to get my Ph.D. in Economics from Rice University. (The land that Rice University occupies is the ancestral home of the Karankawa, Atakapa-Ishak, and Sana peoples). My first job after finishing my Ph.D. was with the University of Victoria; the territory of the Lək'wəḡən (Songhees and Esquimalt) Peoples is where I have lived, learned, and played as an uninvited guest since 2003. My two daughters were born here (16 and 19 years old). I share a dog with two other UVicECON profs (Jarrah, 13 years old) and I have a cat named Polo who one day decided that my house should be her new home after being a stray. We think she is approximately 3 years old. I feel incredibly lucky to live here.

Office Hours: Tuesdays, 2:30 to 3:30pm *on zoom*, *link*:

<https://uvic.zoom.us/j/89534023935?pwd=QnAzYVRDSzZTQ1Q4anhHcU44Kys3dz09>

Meeting ID: 895 3402 3935

Password: 094716

TA Name: Pooriya Tavana, will assist in grading and invigilating exams.

Course Content

The Academic Calendar states, “Selected topics may include intertemporal choice, the organization of the firm, imperfect competition in product markets, discrimination in labour markets, basic game theory, "lemons" models, and additional topics in distribution and welfare economics not included in 203.”

I have highlighted the topics we will cover. More specifically, here is what we’ll be doing in ECON313 this term.

Topic I: General Equilibrium Theory and Welfare Analysis (chapters 32, 33)

Topic II: Choice under Uncertainty (chapter 12)

Topic III: Asymmetric Information (chapter 38)

Topic IV: Externalities (chapter 35)

Topic V: Public Goods (chapter 37)

Note that we will use Game Theory in topics III to V, the lemons models are covered in topic III.

Why cover the topics I listed?

In ECON203 you spent a lot of time analyzing consumer and producer choice. In ECON 313 we bring the two sides of the market together in every market. Such an approach is known as General Equilibrium analysis. Central to the analysis is what Adam Smith termed the “invisible hand” (1776).

Every individual necessarily labours to render the annual revenue of the society as great as he can. He generally neither intends to promote the public interest, nor knows how much he is promoting it...He intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention. Nor is it always the worse for society that it was no part of his intention. By pursuing his own interest he frequently promotes that of the society more effectually than when he really intends to promote it.¹

In ECON313, we discuss Adam Smith’s invisible hand and how it is formalized in the first fundamental theorem of welfare economics (market success). However, most of the term we spend on the question when the invisible hand does not work, i.e. under what circumstances we encounter market failure because of the presence of asymmetric information, externalities, or public goods.

To analyze these questions, which some of you might not have seen before, we will use game theory quite often. It is important that you feel comfortable with the basic concepts in game theory. It might be a good idea to refresh your memory by reviewing the relevant chapters in your micro textbook (chapters 29 and 30).

ECON313 marks the end of our micro sequence that started with ECON103. It puts everything you’ve learned so far together into a unified framework. At the same time, it is the beginning of a journey into a more comprehensive analysis of pressing economic questions that you can further explore in our 400 level electives. ECON 313 is a pre-requisite to many ECON400 level electives.

¹ Taken from the article by Helen Joyce, “Adam Smith and the Invisible Hand,” +plus, issue 14, website: <http://plus.maths.org/issue14/features/smith/>.

Learning Outcomes

One of the many attractive features of ECON313, is that it provides you with a good overview into different fields in economics, because many of our fields develop from a particular type of market failure that we want to investigate in more detail. For example, many topics in health economics deal with asymmetric information; a large literature in public economics deals with social insurance where models of asymmetric information also play a central role. Environmental economics focusses often on externalities and public goods. Personnel Economics often deals with questions of moral hazard and adverse selection at the firm level. Urban Economics often looks at local public goods and agglomeration effects, a form of externalities. This is not an exhaustive list, but, hopefully, you get the idea: a good understanding of the concepts you learn in ECON313 will help you dive deeper into many of our pressing policy issues as addressed in the fields of environmental economics, urban economics, public economics, health economics, labour economics etc.

ECON313 provides you with a framework to analyze all kinds of changes in the economy and assess their impacts. A small change can have wide ranging economic consequences. This course equips you with a cool toy economy that allows you to engage in a tractable “what if” analysis. It allows you to be creative and ask your own questions about a change in the economy and then trace the impact of that change throughout the economy.

How are the learning outcomes achieved through the assessment components in the course?

Please let me emphasize that you will have plenty of opportunity in this course to work with our theoretical models by graphically and algebraically solving problems. Many of these exercises will be ungraded but carefully going over the correct answers will help you understand to what degree you have mastered the material. This is part of the formative assessment in the course. The reflection exercises that are graded on participation are also part of the formative assessment – in fact they are meant to help you assess your learning in the course yourself as well as provide me feedback on how the class is doing and whether or not I should revisit a topic before moving on to the next.

Summative assessment is achieved through the midterm and the final exam. However, because of the best 1 out of 2 midterm grading, you will also have the chance to learn from your performance on the first midterm to understand whether you are on the right track in the course in terms of engaging with the material. See the section on grading below for more detail on the assessment components.

Course Prerequisites

ECON203 with minimum C, ECON225, MATH100/102/109.

Minimum Grade Requirements

You must have a minimum C in 203 to take ECON313.

For ECON313, there is no grade requirement on ECON313 for students pursuing the BA or BSc in Economics without the finance option. ECON313 has a B- minimum grade requirement for ECON435 and ECON454 and for the FME in general.

Repeating Courses

Be aware of the policy regarding the repeating of courses; see [University Calendar](#).

In order to request permission to attempt this course for the third time, you must follow the instructions provided under the [Repeating Courses](#) policy on the Economics website.

Failure to obtain permission will result in deregistration from the course.

Textbook

Recommended: Hal R. Varian (2014), *Intermediate Microeconomics with Calculus*, Norton, New York. ISBN: 978-0-393-12398-2 (other editions are fine).

Brightspace

Brightspace is used extensively for the course. All students are expected to be fully functional with the system. The lecture notes will be posted in *Brightspace*. The lecture notes are quite comprehensive but depending on the feedback I receive during the lectures I might elaborate on the board or add another example in class that would not appear in the lecture notes.

All announcements will be posted in *Brightspace*. Students are advised to check it frequently.

E-mail Correspondence

Emails should be limited to critical matters, such as inability to attend class, an exam, or prolonged illness, and should include the course name and number in the subject line. Questions on course material should be asked during office hours or in class. The standard format for writing a letter must be used. This means it should begin with a salutation (e.g. Dear...), include full sentences and it must conclude with a signature that includes your **full name and V#**. Text message lingo should not be used.

Grading

Grading Scheme

The course grade is determined as follows:

End-of class reflections, 5% in total. There will be 10 of them throughout the term. You will be asked in the last 10 minutes of a class to reflect on what you have learned this day by writing a written response to the question I will pose in class. If you can demonstrate a sincere effort to answer this question, you will get full marks.

You need to turn in 5 of these reflections to count as 5% of your course grade. If you turn in fewer than 5, each turned in reflection carries a weight of 1% of the course grade.

2 in-person midterm exams on June 4th and June 18th, with a combined weight of 50%. The material on the first midterm covers lectures from May 14th to May 28th, material on the second midterm covers lectures from May 29th to June 11th. Each midterm exam is 50 minutes long with automatic reweighing: 50% on your better midterm score, 0% on your lower midterm score. **No make up exams during the term and neither can a missed midterm exam be deferred.**

If you miss one of the midterms, you'll be assigned a score of zero to it and hence the score of the midterm you took will carry a weight of 50%. If you miss both midterms, you should check whether you qualify for a [withdrawal from the course under extenuating circumstances](#).

Final exam, worth 45%, is cumulative, on June 28th, 50 minutes long. The final exam is the only mandatory course component, but given its weight, you cannot pass the course with a 100% score on the final alone. If you miss the final, you should check whether you qualify for a [deferred exam](#).

Mandatory/Essential Course Components

Students must take the final exam to **complete the course**. Failure to complete the final exam will result in a grade of "N" regardless of the cumulative percentage on the course. N is a failing grade and factors into GPA as a value of 0.

Dates of Assessments, Due Dates of Assignments

Assignments: 10 opportunities throughout the term to submit in-class reflections. You should expect 1 to 3 of these assignments every week. Note that there won't be an in-class assignment on the days of the midterm exams and the final exam. Also, on May 28 and May 30th, your in-person lectures are replaced with recorded lectures, so no in-class assignments will take place on these two dates either.

Midterms: June 4th and June 18th, at 8:30am material on first midterm covers lectures from May 14th to May 28th, material on second midterm cover lectures from May 30th to June 11th.

Final exam: cumulative, on June 28th at 8:30am, 50 minutes long

Grading Scale

A+	90-100%
A	85-89%
A-	80-84%
B+	77-79%
B	73-76%
B-	70-72%
C+	65-69%
C	60-64%
D	50-59%
F or N	0-49%

Students should review the University's more detailed [summary of grading](#).

Missing Assessments

Please note that the assessment components during the term have built in flexibility for all students as you can miss 5 out of the 10 end-of-class reflections and one midterm without losing any weight on course components rendering the need for in-course concessions via special arrangements unnecessary.

In case you miss the final exam, fill in a [request for a deferral](#).

Course Policies

This course adheres to the [Undergraduate Course Policies](#) of the Department of Economics that deal with the following issues:

- Academic concessions
- Academic integrity (plagiarism and cheating)
- Attendance
- Grading
- Inclusivity and diversity
- Late adds
- Late assignments
- Repeating courses
- Review of an assigned grade
- Sexualized violence prevention and response
- Students with a disability
- Term assignments and debarment from examinations
- Travel plans
- Waitlists

The following policies are explicitly included because of their importance.

Waitlist Policies

- Instructors have no discretion to admit waitlisted students or raise the cap on the course.
- Students on the waitlist should discuss with the instructor how to ensure they are not behind with coursework in the event they are admitted.
- Registered students who do not participate as specified in this outline during the first 7 calendar days from the start of the course may be dropped from the course.
- Registered students who decide not to take the course are responsible for dropping the course and are urged to do so promptly out of courtesy toward waitlisted students.
- Waitlist offers cease after the last date for adding courses irrespective of published waitlists.

Academic Integrity

Academic integrity requires commitment to the values of honesty, trust, fairness, respect, and responsibility. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. A student who is found to have engaged in unethical academic behaviour, including the practices described in the [Policy on Academic Integrity](#) in the University Calendar, is subject to penalty by the University.

Review [What is Plagiarism](#) for the definition of plagiarism. Note: Submitted work may be checked using plagiarism detection software.

I encourage students in the classroom as well as outside the classroom to engage with the course material in groups. I believe that you get a better understanding of the material if you discuss the material with your classmates, so take every opportunity you can to do so. However, copying somebody else's answer on an exam or in-course assignment constitutes cheating.

Student Code of Conduct

The Humanities, Science, and Social Sciences Faculties have adopted this [Student code of conduct](#). Please, review.

University Policies

- University Calendar - Section "[Information for all students](#)"
- [Creating a respectful, inclusive and productive learning environment](#)
- [Accommodation of Religious Observance](#)
- [Student Conduct](#)
- [Non-academic Student Misconduct](#)
- [Accessibility](#)
- [Diversity / EDI](#)
- [Equity statement](#)
- Discrimination and Harassment [Policy](#)
- [Policy on Human Rights, Equity and Fairness](#) - The University is committed to promoting, providing and protecting a positive, supportive and safe learning and working environment for all its members.

Sexualized Violence Prevention & Response

UVic takes sexualized violence seriously, and has raised the bar for what is considered acceptable behaviour. Students are encouraged to learn more about how the university defines sexualized violence and its overall approach by visiting www.uvic.ca/svp. If you or someone you know has been impacted by sexualized violence and needs information, advice, and/or support please contact the sexualized violence resource office in Equity and Human Rights (EQHR). Contact svpcoordinator@uvic.ca.

Resources for Students

[UVic Learn Anywhere](#) - UVic Learn Anywhere is the primary learning resource for students that offers many learning workshops and resources to help students with academics and learning strategies.

[Centre for Accessible Learning](#) - Students with diverse learning styles and needs are welcome in this course. In particular, if you have a disability/health consideration that may require accommodations, you are free to approach me; however, you must register with the [Centre for Accessible Learning](#) (CAL) for formal arrangements to be made. The CAL staff are available by appointment to assess specific

needs, provide referrals and arrange appropriate accommodations. The sooner you let us know your needs the quicker we can assist you in achieving your learning goals in this course.

[Centre for Academic Communication](#) - Offers coaching on [academic integrity](#), including preventing accidental plagiarism. Provides support to students with time management, reading, writing, speaking, understanding academic expectations, and other aspects of academic communication as well as creating academic posters, blogposts, PowerPoint slides, and e-portfolios.

[Health Services](#) - University Health Services (UHS) provides a full service primary health clinic for students, and coordinates healthy student and campus initiatives.

[Support Connect](#) - a 24/7 mental health support service for students

- Toll-free (calls from North America): 1-844-773-1427
- International collect calls: 1-250-999-7621

[Counselling Services](#) - Counselling Services can help you make the most of your university experience. They offer free professional, confidential, inclusive support to currently registered UVic students.

[Indigenous Student Services](#) - Indigenous UVic students have access to many sources of support on campus. Before, during and after your time at UVic, you are encouraged to explore programs and services available to you, such as [Indigenous counselling services](#) and the [Elders in Residence](#), as well as non-academic programs that may be of interest to you.

[International Student Support](#) - The University of Victoria offers a number of resources to support international students as they pursue their studies. UVic's [International Centre for Students](#) is the primary office supporting international students on campus at the university-wide level and provides various supportive program through the [UVic Global Community Initiative](#), including a Mentorship Program and Conversation Partner Program.

For academic advising-related questions, students in the Economics Department are also encouraged to meet with the Economics Undergraduate Advisor (Brooklynn Comish-Trimble, ecadvice@uvic.ca) as well as an academic advisor in the [Academic Advising Centre](#) early in their studies to help map out a plan to declare a major and complete university program requirements. Other resources include the [Centre for Academic Communication](#) and the [Math and Stats Assistance Centre](#).

The International Student Liason in the Economics Department is Dr. Paul Schure who can help you connect with other international and domestic students in the Department. His email address is schure@uvic.ca. Please, reach out if you are interested.

Course Experience Survey (CES)

I value your feedback on this course. Towards the end of term you will have the opportunity to complete a confidential course experience survey (CES) regarding your learning experience. The survey is vital to providing feedback to me regarding the course and my teaching, as well as to help the department improve the overall program for students in the future.

When it is time for you to complete the survey, you will receive an email inviting you to do so. If you do not receive an email invitation, you can go directly to the [CES log-in](#). You will use your UVic NetLink ID to

access the survey, which can be completed on your laptop, tablet or mobile device. I will remind you nearer the time, but please be thinking about this important activity, especially the following three questions, during the course.

What strengths did your **instructor** demonstrate that helped you learn in this course?

Please provide specific suggestions as to how the **instructor** could have helped you learn more effectively.

Please provide specific suggestions as to how this **course** could be improved.

Course Structure

Weeks 1&2

Topic: General Equilibrium Theory and Welfare Analysis (chapters 32, 33)

Chapter: 32, 33, lecture notes

Week 3

Topic: Choice under Uncertainty, Asymmetric Information

Chapter: 12, 38, lecture notes

Weeks 4 & 5

Topic: Asymmetric Information

Chapter: 38, lecture notes

Exam Info: midterm exam 1, June 4th at 8:30am, 50 minutes long

Week 6

Topic: Externalities

Chapter: 35, lecture notes

Exam Info: midterm exam 2, June 18th at 8:30am, 50 minutes long

Week 7

Topic: Public Goods

Chapter: 37, lecture notes

Exam Info: final exam on June 28th at 8:30am, 50 minutes long