

# Microeconomic Theory II

ECO 2145

Winter 2004

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<i>office</i>	WLD 07	<i>schedule</i>	W 1:00-2:30
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This course is a continuation of ECO2144. First we will go from partial equilibrium to general equilibrium where the interactions between the different sectors of the economy, at the level of exchange as well as production, are taken into account. Then we will consider the different pricing practices used by firms to extract consumers' surplus. The next topic will be oligopolistic and monopolistic competition where firms sell differentiated products and compete taking into account the reaction of their competitors to their decisions. The following section will deal with vertical relationships between upstream and downstream firms. The following two chapters will incorporate time, investments and uncertainty into the analysis. Then we will tackle how economic agents' decisions affect other agents' production and consumption possibilities, as well as the provision of public goods. The next two chapters will focus on market imperfections and contractual problems arising from asymmetric information. Finally, the last chapter will deal with a range of strategies used by firms, from entry deterrence to advertising.

The following textbook and study guide are required:

Perloff, Jeffrey M., *Microeconomics*, Third Edition, Pearson Addison Wesley, 2004.

Mason, C. F., and Whaples, R., *Study Guide to accompany Microeconomics, Third Edition*, Jeffrey M. Perloff, Pearson Addison Wesley, 2004.

Both are available for sale at the Agora Bookstore and Internet Café, 145 Besserer St. A copy of the second edition is available at the Reserve desk in the Morisset Library. A good performance in this course requires continuous practice with the questions, problems, and quizzes found in the text book, in the study guide, and on the book's web site at [www.aw-bc.com/perloff](http://www.aw-bc.com/perloff).

The course has a *WebCT* site at <http://virtualcampus.uottawa.ca/>. This site will be used to communicate information and/or documents to the students. The login and password are the same as those used to access *Infoweb*.

Grades will be calculated as follows:

Midterm I	30%	February 11 <sup>th</sup>
Midterm II	25%	March 17 <sup>th</sup>
Final	40%	
Participation	5%	

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### **Course contents**

Ch. 10	General Equilibrium and Economic Welfare
Ch. 12	Pricing
Ch. 13	Oligopoly and Monopolistic Competition
Ch. 15	Factor Markets and Vertical Integration
Ch. 16	Interest Rates, Investments, and Capital Markets
Ch. 17	Uncertainty
Ch. 18	Externalities, Commons, and Public Goods
Ch. 19	Asymmetric Information
Ch. 20	Contracts and Moral Hazards
Ch. 14	Strategy

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