

PPG1002H
Microeconomics for Policy Analysis

University of Toronto
Winter Term 2012/13

Course Description

Welcome to Microeconomics for Policy Analysis.

This is a course in microeconomic theory for students in the MPP programme at the School of Public Policy and Governance, and students in the MGA programme at the Munk School of Global Affairs. One objective is to provide you with a foundation in microeconomic analysis and to demonstrate how it can be used to develop and evaluate public policy. Another objective is to increase your economic literacy and comfort with economic arguments. The course is designed to be accessible to all students, including those with no previous exposure to economics. What is a prerequisite for this course is your knowledge of high school mathematics; especially algebra and your ability to work with graphs and fractions.

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Office Hours: CG319, T 2-4pm

Teaching Assistant: Joshua Lewis

Office Hours: GE 346, F 12-1pm

Textbook:

Varian, Hal R., *Intermediate Microeconomics, A Modern Approach*, Eighth Edition, New York: W.W. Norton and Company, 2010

The Class Website

The class Blackboard website is available through the university portal.

On the website you will find the syllabus, class announcements and problem sets (see below). I will also post a one or two page lecture summary each week that you can compare to your class notes. Please note that these are not “lecture notes” and will not serve as a substitute for you taking notes in class.

Class Meetings

Wednesdays 1-4pm, HS-108 (Health Sciences Rm.108 @155 College St.)

Please note that class on Wednesday February 13th will run 1-3 followed by a one hour tutorial.

Problem Sets and Tutorials

There will be four problem sets assigned over the course of the term. These are intended to provide an opportunity to practice using the concepts discussed in class and some exposure to the types of questions that will appear on the tests. While these problem sets are intended to draw on material that we have already covered in class, because the progress of lectures is hard to predict in some instances they may require that you read ahead in the textbook.

Tutorial: Tuesdays in CG-150 12:30pm-1:30pm.

Tutorials will be used periodically to review the answers to the problem sets and for review classes. Meetings will be announced in class and on the class website. If you do not attempt the problem sets and simply come to tutorials to get the answers, they will be of little use to you.

Please note that there is a conflict for CG-150 for Tuesday January 15th and so another place and /or time will be found.

Evaluation

Student evaluation will be based on a short quiz worth 20 percent of your final grade, a midterm test worth 30 percent of your final grade, and a final examination worth 50 percent. Some of the questions on the quiz, midterm and final examination will be similar to those in the problem sets. Other questions will ask you to define some of the key economic terms we have discussed in class and explain their relevance to public policy. These latter questions are intended to assess your familiarity with the language of economics and economists.

Quiz: 50 minutes, first hour of class **Wednesday, January 30, 2013**
Midterm: 110 minutes, in class on **Wednesday February 27, 2013**
Final: To be scheduled during exam week.

In the event you miss either the quiz or midterm, the weight will be pushed forward. For those missing the quiz, the midterm will be worth 40 percent and the final 60 percent. For those missing the midterm, the final will be worth 70 percent. Please note that if you miss either the quiz or midterm I will require a note from your doctor.

Extra Help

I strongly encourage you to form study groups with your classmates to work through problem sets and review class material. This may be the most effective thing you can do to improve your comprehension of the material.

The Department of Economics offers an Economics Study Centre to assist undergraduate students. You may find the time scheduled for Intermediate Microeconomics (ECO 200, 204, 206) helpful. The Centre's hours are listed at:

<http://www.economics.utoronto.ca/index.php/index/undergraduate/load/studyCentre>

The Department also maintains a roster of graduate students who are available for hire as tutors. The list can be found at:

<http://www.economics.utoronto.ca/index.php/index/undergraduate/tutors>

Lecture Outline and Tentative Schedule

All chapter references are to Varian's textbook

Week 1: Introduction
Chapter 2: The Budget Constraint

Week 2: Chapter 3: Preferences
Chapter 4: Utility

Week 3: Chapter 5: Choice
Chapter 6: Demand

Week 4: Chapter 8: Slutsky Equation

Week 5: Chapter 9: Buying and Selling
Chapter 14: Consumer Surplus

- Week 6: Chapter 15: Market Demand
Chapter 18: Technology
- Week 7: Midterm
- Week 8: Chapter 19: Profit Maximization
Chapter 20: Cost Minimization
- Week 9: Chapter 21: Cost Curves
Chapter 22: Firm Supply
Chapter 23: Industry Supply
- Week 10: Chapter 16: Equilibrium
Chapter 31: Exchange
- Week 11: Chapter 24: Monopoly
Chapter 25: Monopoly Behaviour
- Week 12: Chapter 34: Externalities
Chapter 36: Public Goods
Chapter 33: Welfare