

EC210 Microeconomics for Economics

(Fall 2018)

Seminar Leader: Israel Waichman

Course Times: Tue 14:00-15:30, Thu 14:00-15:30,

Place: P24, Seminar room 5

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Office hours: Wed 14:30-15:30 and Thu 10:45-11:45

Course description

Microeconomics is the study of how individual economic units (households and firms) interact to determine outcomes (allocation of goods and services) in a market setting. This course further develops principles and analytical methods introduced by the Principles of Economics course. The first part of the course deals with consumer behaviour, market demand and the extent to which a consumer's decisions can be modelled as rational. The second part of the course deals with the theory of the firm and the positive and normative characteristics of alternative market structures—perfect competition, monopoly and possibly monopolistic competition. Finally, the efficiency of market outcomes is studied, as well as situations under which markets are not efficient. Part of the course is devoted to problem solving, in which students present solutions to specific case studies.

Learning Outcomes

- Understanding of the units of organisation and factors that interact to produce economic exchange within a market framework (e.g., consumers, households, and firms)
- Recognition of and ability to analyse the workings of alternate market structures
- Ability to analyse the costs and benefits of specific modes of economic exchange
- Capacity to formulate and carry out case studies of microeconomic functioning

Requirements

Prerequisites

Students taking this course should have already successfully completed the courses “Principles of Economics” and “Mathematics for Economics”. This course deepens our understanding of microeconomics discussed in the Principles course in a more detailed and formal fashion.

Textbooks

For this course, we will use the textbook “Microeconomics and Behaviour” by Frank/Cartwright (1st international edition, McGraw-Hill) and required readings will mostly be from this book (other editions of the book may be used as well but the course will refer to the edition specified here).

I expect you to read the relevant chapters of the textbook before we meet in the classroom. Studying the textbook carefully will improve your understanding level and hence to your final grade. I will try to cover all relevant topics in the course (although in the textbook you may find additional examples), yet, you are formally expected to read the relevant chapters - and that means that you may get an exam question that was more deeply covered by the book.

It is essential that you will repeat at home the material that we cover in class (including solving again all the exercises that we did in the classroom).

Attendance

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the course.

Assessment

Assessment will be based on attendance, preparation for classes, regular and active participation, handing in group problems sets, quizzes, as well as a mid-term (60 minutes) and a final examination (90 minutes).

Grade breakdown

Seminar participation, handing in problem sets, and quizzes (a total of 40%)

Quizzes: In case of 3 quizzes or more, the quiz with the lowest mark will not count for the final grade.

Problem Sets: Solutions to the problem sets should be submitted in pairs (the pairs should be fixed for the whole duration of the course. **They are due before class one week after being given**, i.e., if I hand in a problem set on Thursday, the solution should be in my post box exactly one week afterwards (before the class on Thursday). Solutions to problem sets can only be submitted on an A4 paper. Make sure that your solutions are organized and clearly written.

- Mid-term exam 30%
Date and time: October 25, 14:00-15:30
- Final examination 30%
Date and time: December 18, 11:30-13:00 (P24, room 8)

Schedule

Classes start on Tuesday Sep 4 and run until Thursday December 13, with fall break planned for Oct 29– Nov 4. Completion week will take place on December 17–21.

The schedule provided is provisional in order to allow for flexibility. It is the students' responsibility to keep themselves informed of any changes to the schedule provided here. An up-to-date schedule will be maintained by the course management in our Google classroom system. Lecture slides and problem sets will be posted in Google classroom (password will be given in the first class).

Part I – Introduction

Week 1 – Introduction/How economists think
Sep 4, Sep 6,
Reading: Frank, Ch. 1, Ch.2

Part II – Theory of the consumer

Week 2 – Rational consumer choice
Sep 11, Sep 13
Reading: Frank, Ch. 3

Week 3 – Rational consumer choice

Sep 18, Sep 20 [the class of September 18 has to be rescheduled]

Reading: Frank, Ch. 3

Week 4 – Rational consumer choice

Sep 25, Sep 27

Reading: Frank, Ch. 3

Week 5 – Individual and market demand

Oct 02, Oct 04 [the class of Oct 2 has to be rescheduled]

Reading: Frank, Ch. 4

Week 6 – Individual and market demand

Oct 09 Oct 11

Reading: Frank, Ch. 4

Week 7 – Individual and market demand / Production

Oct 16, Oct 18

Reading: Frank, Ch. 4 /Ch.9

Part III – Theory of the firm and industrial organization

Week 8 –Production, **Midterm**

Oct 23, **Oct 25**

Reading: Frank, Ch. 9

Midterm break (Oct 29 -Nov 2)

Week 9 – Production ; Costs;

Nov 6, Nov 8

Reading: Frank, Ch. 9, 10

Week 10 – Costs ; Supply

Nov 13, Nov 15

Reading: Frank, Ch. 10

Week 11 – Perfect competition;

Nov 20, Nov 22

Reading: Frank, Ch. 11

Week 12 – Choice under uncertainty

Nov 27, Nov 29

Reading: Frank, Ch. 6,

Week 13 – Monopoly

Dec 4, Dec 6

Reading: Frank, Ch. 12

Week 14 –Efficiency and Social Welfare / Monopolistic competition / Summary

Dec 11, 13

Reading: Frank, Ch. 13

Classes missed due to federal holidays will not be rescheduled.

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