

EC210 Microeconomics for Economics

(Spring 2022)

Seminar Leader: Israel Waichman

Course Times: Mon, Wed 14:00-15:30

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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” and the “Mathematics for Economics” courses. The first part of the course deals with the consumer side. We will study the underlying assumptions about consumer preferences and behaviour that lead to the creation of the individual and market demands. The second part of the course deals with the theory of the firm (i.e., how production and costs create an individual and market supply). The third part of the course deals with the market as a whole, combining the consumer-based demand with the producer-based supply. Here we also study issues related to the efficiencies of markets and to welfare economics. Finally, we will learn positive and normative characteristics of alternative market structures—perfect competition, monopoly (and possibly also monopolistic competition and oligopoly).

Learning Outcomes

- Understand and be able to use microeconomic terminology.
- Acquiring the skill of using graphics and mathematics for economics analysis.
- Use basic calculus to solve optimization problems faced by economic agents.
- Understand the benefits and disadvantages of models as simplifications of reality.
- Understanding of the units of organization and factors that interact to produce economic exchange within a market framework (e.g., consumers, households and firms).
- Recognition of and ability to analyze the workings of alternative market structures.
- Ability to analyze the costs and benefits of specific modes of economic exchange.
- Learn to “think like an economist”.

Requirements

Prerequisites

Students taking this course should have already successfully completed the courses “Principles of Economics” and “Mathematics for Economics”.

Textbooks

For this course, we will use the following textbook:

- *Microeconomics and Behaviour* (2016) by Robert Frank and Edward Cartwright (2nd international edition, McGraw-Hill)

Other reading sources will be distributed during the course.

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 of the course.

Use of cell phones and scientific calculators

The use of cell phones is not allowed during the classes. Please leave your cell phone in your bag during the classes.

You are expected to bring scientific calculators to all classes

Assessment

Assessment will be based on the following three main components:

- **Active participation, handing in problem sets, and in-class quizzes: 40%**
- **Midterm exam (60 minutes): 30%**
- **Final exam (90 minutes): 30%**

Problem sets policy

Problem Sets are due one week (before the class) after being given. Solutions to problem sets can only be submitted on an A4 paper. Make sure that your solutions are organized and clearly written.

Please note the policy from the Student Handbook on the submission of essays: *essays that are up to 24 hours late will be downgraded one full grade (from B+ to C+, for example). Instructors are not obliged to accept essays that are more than 24 hours late. Where an instructor agrees to accept a late essay, it must be submitted within four days of the deadline and cannot receive a grade of higher than C.*

Thereafter, the student will receive a failing grade for the assignment.

Schedule

Classes start on Monday, Jan 31 and run until Wednesday, May 11, with spring break planned for Apr 11 – Apr 18. Completion week is from May 16 until May 20. **Attendance is mandatory during completion week.**

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).

Tentative course structure:

Introduction

Week 1 – Introduction/How economists think

Reading: Frank, Ch. 1, .2

Theory of the Consumer

Week 2 – Rational consumer choice

Reading: Frank, Ch. 4

Week 3 – Rational consumer choice

Reading: Frank, Ch. 4

Week 4 – Rational consumer choice

Reading: Frank, Ch. 4

Week 5 – Individual and market demand

Reading: Frank, Ch. 5

Week 6 – Individual and market demand

Reading: Frank, Ch. 5

Week 7 – Individual and market demand, Midterm (depending on availability of the lecture hall).

Reading: Frank, Ch. 5

Theory of the Firm

Week 8 – Production

Reading: Frank, Ch. 10

Week 9 – Costs;

Reading: Frank, Ch. 10, 11

Week 10 – Costs ; Supply

Reading: Frank, Ch. 11

Market Structure and Welfare

Spring Break

Week 11 – Supply and Perfect competition;

Reading: Frank, Ch. 12

Week 12 – Perfect competition; Efficiency and Social Welfare

Reading: Frank, Ch. 12, TBA

Week 13 – Monopoly

Reading: Frank, Ch. 13

Week 14 – Monopolistic competition (optional) / Summary

Final exam in completion week (May 16 until May 20)

(this version: January 4, 2022)