

EC210 Microeconomics

(Spring 2024)

Seminar Leader: Israel Waichman

Course Times:

Tue & Thu, 09:00-10:45 (group A)

Tue & Thu, 15:45-17:15 (group B)

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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 individual and market demands. The second part of the course deals with the theory of the firm (i.e., how production and costs create individual and market supply). The third part of the course deals with the market as a whole, combining consumer-based demand with producer-based supply. Here we also study issues related to the efficiencies of markets and to welfare economics. Finally, we also study situations (i.e., Monopoly) under which markets are not efficient. A section of the module is devoted to problem solving, in which students present solutions to specific case studies.

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.
- Understand and analyze the welfare consequences of different market structure.
- 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 (there are 3 copies at the library):

- *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 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.

Professionalism

Being a student is your full-time job and with it comes a set of responsibilities and expectations, as with any other job. Maintaining a professional attitude towards your course of study is something that also prepares you for later work life. A professional attitude towards your studies is shown by coming to class on time, being prepared, being courteous to your teachers and fellow students. It is exhibited by writing your essays with care, actively participating in class, not missing classes except for the most dire of circumstances, and in general by adapting to the rules of the course without trying to bargain for personal exceptions.

Ethics/Academic honesty

A core value of the academy is truth and the pursuit thereof. Nothing can shake the foundations of this pursuit as much as academic dishonesty as it undermines the trust that is indispensable to academic work. Plagiarism, cheating during exams, copying homework assignments (or doing individual assignments with a classmate) all constitute violations of academic honesty and of the clause on academic integrity that each student has signed in the student handbook. They can lead to failing the course and will be reflected in the student's record (having a record of academic dishonesty can make obtaining scholarships, achieving a study abroad place or admission to another program difficult if not outright impossible).

Schedule

Classes start on Tuesday, Jan 30 and run until Thursday, May 7, with spring break planned for March 25 – April 1. Completion week is from May 13 until May 17. Attendance is mandatory during completion week. Please note that there is one relevant public holiday in this coming semester (on May 9).

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 after week 7 or week 8).

Theory of the Firm

Week 8 –Production
Reading: Frank, Ch. 10

Midterm break (March 25 - Apr 1)

Week 9 –Costs;
Reading: Frank, Ch. 10, 11

Week 10 – Costs ; Supply
Reading: Frank, Ch. 11

Market Structure and Welfare

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 – Monopoly / Market experiments and Welfare (public holiday on Mon, May1)

Final exam in completion week (May 13 until May 17)

Classes missed due to federal holidays will not be rescheduled.

(this version: Dec 31, 2023)