

McGill University
Department of Economics

Microeconomic Theory (ECON230D1-001)
Fall 2017

Instructor Contact Information:

Dr. Lingling Zhang
E-mail: lingling.zhang@mcgill.ca
Facebook: /lingling.zhang.9461
Twitter : @linglingzhang3 (Hashtag : #mge230)

Office hours: Thursdays 11am-1pm and Fridays 11am-12pm at LEA 437 or by appointment

Regular classes:

Times: MW 2:35-3:55PM

Room: ENGM204

Teaching Assistant: Johnny Yang and Fan Wang

TA office hours: Yang (Tuesdays 8:30-10:30, LEA111C); Wang (Thursday 4:30-6:30, LEA111B)

TA conferences: Yang (TTH 4:05pm-5:05pm, LEA 424); Wang (TTH 9:05am-9:55am, LEA 520)

Textbook and online homework package:

Jeffrey M. Perloff: *Microeconomics, Student Value Edition Plus MyEconLab with Pearson eText—Access Card Package, 8/E*

The textbooks are available at Paragraph Bookstore (2220 McGill College ave.)

The course id for myEconlab is: zhang04143

Course Overview: This course is designed to provide the fundamental principles of microeconomic analysis. Topics include the behavior of consumers, the theory of production and cost curves, the theory of the firm, welfare economics, and the theory of general equilibrium. Students will learn to use calculus based techniques and methods to solve standard problems in microeconomic theory.

Reading the Textbook: I recommend that you read the textbook before each lecture. After each chapter is completed in class, I will post slides on Mycourses. You are encouraged to work on the online homework package. Feel free to work in groups.

Supplementary Readings: I will supplement the textbook with several readings from newspapers, magazines or academic journals. Most of these will be available on Mycourses.

Course Evaluation:

Participation and attendance.....	10%
Max {First, Second Exam}.....	25%
Project	25%
Final examination	40%

Examinations: All examinations will be closed-note, closed book and will consist of multiple choice questions.

McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures (see www.mcgill.ca/students/srr/honest/ for more information).

In accord with McGill University's Charter of Students' Rights, students in this course have the right to submit in English or in French any written work that is to be graded.

There will be three exams.

The first exam is scheduled on **Oct. 11th 2017**.

The second exam is scheduled on **Nov. 6th 2017**.

The final exam will be scheduled by the university.

The higher grade of the two on your first two exams will make up **25%** of your final course grade.

Your grade on final exam will make up **40%** of your final course grade.

Your grade on the final paper of the project "*Thinking like an Economist*" will make up **25%** of your final course grade (see more details below).

- In case of absence at the final exam for medical reasons, please refer to the University regulations concerning final examinations.
- There is no makeup exam for the first or second exams. In case of absence both, 25% will go to the final exam, in which case, the final exam will make up 65% of your final course grade.

Supplemental Exam: There is a supplemental exam (will be held in August 2018). It is comprehensive: the material tested in the supplemental exams covers **BOTH** semesters

(the material from 230D1 will be worth 50% and the material from 230D2 will be worth 50%).

Written Project: *Thinking like an Economist*

Each of you individually chooses **one** short article (no more than 1000 words) that interests you in a well-known journal or newspaper (in English only), e.g., the Economist, the Financial Times, or the New York Times. You will be asked to write two critiques of the article you choose. Each of your critique shall be handed in with a photocopy of the article. The first critique should be handed in in class no later than **Oct. 16th, 2017**. The second critique will be accepted **only if** the first has been handed in on time. The second is due at 5:00pm on **Dec. 7th 2017**. **No exceptions will be made concerning this due date except with the written permission of your department chair.**

Only the second critique will be graded and its grade will make up **25%** of your final course grade. Tardy critiques **will not be accepted** and will be assigned a grade of zero, except with a valid medical excuse. Both critiques should not exceed 5 pages and should be double spaced; single sided with 12 point font. Feel free to ask me questions that are not included here.

Course Outline

Part A: The Basics

Section 1. Demand and Supply

Topics Include:

- demand
- supply
- market equilibrium
- in-class experiment: The Apple Market
- elasticity
- price floors and price ceilings
- in-class experiment: rent controls

Readings:

Perloff Chapter 2 & 3

Part B: Consumer Behavior

Section 3. Consumer Behavior

Topics Include:

- budget constraint
- preferences
- utility
- choice
- consumer's surplus
- market demand and equilibrium

Readings:

Perloff Chapter 4 & 5

Part C: Producer Theory

Section 4. Producers Behavior

Topics Include:

- technology
- profit maximization
- cost minimization and cost curves
- In-Class experiment: Open a restaurant
- firm supply

Readings:

Perloff Chapter 6 & 7

Section 5. Market Structure

Topics Include:

- competitive firms and markets
- properties and applications of the competitive model

Readings:

Perloff Chapter 8 & 9

Section 6. Competitive General Equilibrium

Topics Include:

- general equilibrium
- trading between two people

Readings:

Perloff Chapter 10

Section 7. Monopoly

Topics Include:

- Monopoly Profit Maximization
- Market failure due to Monopoly pricing
- Causes of Monopoly
- Government actions that reduce market power

Readings:

Perloff Chapter 11
