

Econ208: Microeconomic Analysis & Applications (Section 004)

Tuesday & Thursday, 1:05 – 2:25

Stuart Biology South, Theatre 4 (STBIO S1/4)

Professor: Paul Dickinson

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A: Course Content

This 3-credit Microeconomics course focuses on the behaviour of individual economic units (individual markets, individual consumers, and individual firms). It examines the choices that consumers and firms face, how different market structures respond to these choices, and when/how/why government intervention may or may not be desirable for society as a whole. At each stage you will do some theory and then use it for a variety of applications. I hope you will be surprised to find that some things you think seem obvious in everyday life turn out to be anything but! The course assumes you have no prior knowledge of economics.

Do the readings as the lectures progress - economic reasoning builds upon itself, so you need to understand each part as we go along. If you must miss a lecture or conference, arrange a 'buddy system' so you can copy the notes of someone who does attend. Some examinable material covered in lectures may not be in the text. Lecture notes will not be posted on the *myCourses* web site.

B: Text & Learning Tools

The text is *Microeconomics, 15th Canadian Edition*, by *Ragan* (published by Person Canada) available from *Paragraphe* bookstore, 2220 McGill College Avenue. [****Make sure you get the MICRO, not the Macro.**]

The text comes with access to an online site (*MyEconLab*), where you will find (i) explanations for a selection of end-of-chapter text exercises/questions, (ii) some short practice quizzes, (iii) sections on the Additional Topics referred to in the text, and more. Also available is the *Study Guide* to the *14th edition* of the text (by Dickinson & Indart) which has brief summaries of chapter topics, useful study hints, and lots of practice questions and answers (with explanations). It includes multiple-choice questions, short-answer questions and longer exercises to help understand the material.

A very important learning tool is the *myCourses* website accessed through the McGill website. This is specific to Econ208-004 and you should **regularly** check it for course announcements, additional readings, conference sheets (questions and answer guides), and other items to assist you in the course. You can also use it to ask questions of and receive answers from your fellow students.

C: Contacting Me

My office hours (*times to be determined*) are in Leacock 516. If you can't make my office hours because of your course schedule, email a request (paul.dickinson@mcgill.ca) to arrange a mutually convenient time and include (i) your weekly schedule and (ii) a brief explanation of what you need to talk about. Use email, not the 'phone.

D: Conferences

Your Teaching Assistants, M. Jean-Louis Bernard Menard (and others to be assigned), hold weekly 'conferences' (small-group seminars) to help you understand assigned questions & topics on 'conference sheets' and answer your questions about lectures and readings. Conference sheets aim at a further understanding of the lecture/text material and its applications. The sheet questions and basic answer guides will be posted each week on *myCourses*. Try them yourself before you go to conferences. Conferences are expected to start in the week beginning Monday January 16 or Monday January 23 – you will be notified. Conference times, and the conference rooms, and TA office hours, will be posted on *myCourses*.

E: Grading/Examinations/Conduct

There will be a mid-term exam worth 30% (expected to be on *Thursday February 23*) and a cumulative 3-hour final worth 70% (held during the final examination period as determined by the Faculty of Arts). If your performance on the final is better than that on the midterm the weightings will be 20%/80%. It is anticipated that the exams will be multiple-choice, though I reserve the right to include some short-answer questions at my discretion. They are "closed book" examinations - no texts, notes, cell phones or electronic memory devices allowed. The course grades may be curved at my discretion.

There is **NO** deferred examination for the mid-term. If you miss the mid-term, the final will count as 100% of the course mark **only** in cases where students can't attend the mid-term for justifiable reasons, as determined by the instructor and subject to written confirmation deemed acceptable to the instructor. Students missing the mid-term without instructor approval will get a mark of zero for that exam.

Regulations require/recommend that you be reminded of the following:

1. 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)
2. According to Senate regulations, instructors are not permitted to make special arrangements for final exams. Please consult the Calendar, section 4.7.2.1, General University Information and Regulations at www.mcgill.ca.
3. 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. (Note: Not applicable to multiple-choice exams)
4. If you have a disability please contact the instructor to arrange a time to discuss your situation. It would be helpful if you contact the [Office for Students with Disabilities](#) at 514-398-6009 before you do this.

Text Packages and Prices

The following print packages are available at *Paragraphe* bookstore.

- \$149.95 for a bound version of the **Ragan 15th edition** text with **MyEconLab**
- \$169.95 for a package containing a bound **Ragan 15th edition** text with **MyEconLab**, and **14th edition Study Guide**
- \$45.0 for the **14th edition Study Guide**.
- \$95 for the loose-leaf **Ragan 15th edition** text with **MyEconLab**
- \$115 for a package with a loose-leaf **Ragan 15th edition** text with **MyEconLab**, and with **14th edition Study Guide**

The following are available online. They can't be downloaded,

- \$90 for **e-text with MyEconLab** – but what you get depends on where you buy it.
 - If you buy the **MyEconLab** at *Paragraphe* you get a **free** Study Guide with it. Access to the MyEconLab component expires in 12 months.
 - If you **don't** buy it from *Paragraphe* – i.e. you go directly online – then you **don't** get the Study Guide.
- \$74.97 for **e-text** alone, with no additions. This is available from **VitalSource** and access expires in 12 months.

Because economics 'builds upon itself' you'll often need to return to previous pages for a refresher. For me (and you may have a different opinion) this is easier with a print copy than with e-text because the latter shows only one page at a time, so it's harder to 'flip back'. For those preferring print, the \$115 package is a good deal.

F: Topics Structure and Readings

Week numbers are estimates and may change. In addition to references below, associated topics and applications will be on Conference Sheets and made available through the course web site. Some analysis and applications will be covered in lectures for which there are no set readings. References below preceded by **SG** refer to recommended exercises in the 14th edition Study Guide (e.g., SG4:E5 is Study Guide Chapter 4, Exercise 5).

I: THE BASICS**A: Issues and Concepts and Approach**

Preface, Chaps. 1 and 2

Weeks 1 & 2

B: Competitive Markets

Weeks 2, 3 & 4

- * Market demand, supply & price
- * Sensitivity ('elasticity') of demand and supply
- * Market interventions & market efficiency

Chap 3, SG3: E4, Ext.E1 & E2

Chap 4, SG4: E5 & 6, Ext.E3, Ext.E4

Chap 5

II: CONSUMERS & PRODUCERS**A: The Consumer Side of Markets**

Weeks 5 & 6

- * Utility maximization and consumer choice
- * Income & substitution effects
- * Value versus price

Chap 6, pp. 111-117, SG6: E6

Chap 6, pp. 117-121, SG6: E3

Chap 6, pp. 121-125, SG6: Ext.E1
(Appendix 6 is excluded)**B: The Producer Side of Markets**

Weeks 6 & 7

- * Production and costs in the short run
- * Production, costs and technology in the long run

Chap 7

Chap 8 (excluding Appendix)

Mid-Term Examination (Week 7)**C: Market Structures & Economic Efficiency**

Weeks, 8 & 9

- * The perfect competition extreme
- * The monopoly extreme, cartels, & price discrimination
- * Between the extremes, strategic behaviour of firms
- * Economic efficiency & government policy (Part 1)

Chap 9

Chap 10

Chap 11

Chap 12

III: INTERVENTION & EFFICIENCY (Part 2)

Weeks 10 & 11

- * Government intervention when markets fail
- * Environmental policies controlling pollution
- * Global warming

Chap 16

Chap 17, pp. 389-400

Chap 17, pp. 400-409

IV: INTERNATIONAL TRADE

Weeks 12 & 13

- * Production specialisation & international trade
- * Protectionism
- * NAFTA

Chap 32

Chap 33, pp. 800-813

Chap 33, pp. 816-819

In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change.