

Econ208: Microeconomic Analysis & Applications (Section 003)

Tuesday & Thursday, 4:05 – 5:25

Leacock Building, Room 26

Professor: Paul Dickinson

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Fall 2010

A: Course Content

The course focuses on the behaviour of individual economic units - i.e. the microeconomic level of the individual economic unit (individual markets, individual consumers, individual firms). It examines the choices that individuals 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 - and if you have, it is often better to forget about it when starting this course.

I **strongly** recommend that you keep up with the readings as the lectures progress - don't leave them until exam time! Economic reasoning builds upon itself, so you need to understand each part as we go along. Lectures, conferences and lecture notes are very important - in case 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 and answers to conference questions will not be posted on the *myCourses* web site.

B: Text & Learning Tools

The text for this course is *Microeconomics, 13th Canadian Edition*, by Ragan & Lipsey (Pearson Addison Wesley 2011), along with its associated *Study Guide* (by Dickinson *et. al.*). These are available at *Paragraphe* bookstore on McGill College Avenue. Other readings will be posted on the *myCourses* web site (check it often) or will be available through the text's own web site on *MyEconLab*, at www.myeconlab.com. Note the following;

- The text's integrated *Study Guide* has summaries of each chapter (which does NOT mean you needn't read the chapter!), useful study tips, and lots of practice questions and correct answers (with explanations) for multiple-choice questions, short-answer questions and longer exercises to help you understand the material.
- The text's *MyEconLab* site has explanations for a selection of end-of-chapter exercises/questions, and some short practice quizzes. It is not a substitute for the *Study Guide*: the latter has many more questions of varying degrees of difficulty, & explanations of answers and chapter summaries. (See [Text Information](#) page on the course website.)
- After the course starts we are expecting you will be given free access to a short-term subscription of *The Economist* weekly news magazine.

You should regularly check the *myCourses* WebCT page for announcements, up-to-date information, additional readings, conference topics, and other items to assist you in the course. Through this web page you will also be able to ask questions of and receive answers from your fellow students in the course.

C: Contacting Me

My office is Leacock Room 516. Initially I will hold office hours between 1:00 and 3:00 on Wednesday afternoons. This time slot may be changed once I know the TAs' schedules, who will also hold office hours. If you need to see us and can't make any office hours, email a request to arrange a mutually convenient time (paul.dickinson@mcgill.ca) and include (i) a copy of your weekly schedule and (ii) a brief explanation of what you need to talk about. (*Note*: Email gets a quicker response than a telephone call (514-398-4843), and many voice mail messages are unintelligible when played back. Use email, not the 'phone.)

D: Conferences

TAs hold weekly conferences on assigned topics. Material covered in conferences is subject to examination even if it is not done in lectures - so you are **strongly** advised to attend. Conferences are expected to start in the 3rd week of semester. Conference rooms, conference times and weekly conference questions will be posted on *myCourses*.

E: Grading/Examinations/Conduct

There will be two online quizzes each worth 10% of your course grade, and a 3-hour final scheduled by the Faculty of Arts in December. Only the quizzes on which you get a higher percentage than the final will be counted, so the final may be worth 80%, 90% or 100% of your course grade. Under no circumstances will you be allowed to present additional work to increase your grade in the course. Regardless of the reason for not completing an online quiz there will be no deferred quiz. The quizzes will be done through the course WebCT page, preferably on a McGill computer. Any collaboration whatsoever is forbidden. There will be a 5-minute window for logging onto a quiz, after which you can't log in, you can't do the quiz, and you can't get any marks for it. Anticipated dates & times are:

Quiz #1: Wednesday October 13, 7pm - 8pm

Quiz #2: Monday November 15, 7pm - 8pm

University regulations require that you be reminded of the following:

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 <http://www.mcgill.ca/integrity> for more information). 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.

F: Course Outline and Readings

Week numbers are estimates and may change. Chapter references implicitly include any additional topics on *MyEconLab* that are assigned in lectures and made available through the course web site. References preceded by **SG** refer to exercises in the Study Guide (e.g., SG4:E5 is Study Guide Chapter 4, Exercise 5).

I: THE BASICS

A: Fundamental Concepts and Approach	Preface, Chaps. 1 & 2	Weeks 1 & 2
B: Competitive Markets		Weeks 2, 3 & 4
* Market demand, supply & price	Chap 3, SG3: E4, Ext.E1 & E2	
* Sensitivity (Elasticity) of demand and supply	Chap 4, SG4: E5 & 6, Ext.E3, Ext. E4	
* Applications & competitive market efficiency	Chap 5	

II: CONSUMERS & PRODUCERS

A: The Consumer Side of Markets		Weeks 5 & 6
* Utility maximization and consumer choice	Chap 6, pp. 116-121, SG6: E6	
* Income & substitution effects	Chap 6, pp. 122-126, SG6: E3	
* Consumer surplus & value	Chap 6, pp. 126-131, SG6: Ext.E1	
	<i>(Quiz 1)</i>	
B: The Producer Side of Markets		Weeks 6 & 7
* Production and costs in the short run	Chap 7	
* Production, costs and technology in the long run	Chap 8	
C: Market Structures & Economic Efficiency		Weeks 8 & 9
* The perfect competition extreme	Chap 9	
* The monopoly extreme, cartels, & price discrimination	Chap 10	
* Between the extremes, and strategic behaviour	Chap 11	
* Economic efficiency & government policy	Chap 12	

III: FACTOR MARKETS

Chaps. 13, 14, 15 *(If time allows - likely not)*

IV: GOVERNMENT INTERVENTION

Weeks 10 & 11

* Market failures	Chap 16
* The economics of environmental protection	Chap 17

(Quiz 2)

V: INTERNATIONAL TRADE

Weeks 12 & 13

* Specialization & gains from trade	Chap 33
* Trade policy	Chap 34

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