

Economics 301 Intermediate Economic Theory – Microeconomics I

Instructor: Zack Moline
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Lecture Location: ZOOM Delivery
Lecture Days/Time: MW 12:00-14:45

Office: ZOOM Delivery
Office Hours: MW 10:30-11:30

(Spring 2021)

Course Description:

This course is the first of a pair of courses designed to acquaint students with microeconomic theory. Microeconomics is concerned with a systematic understanding of the choices of individuals, firms, and organizations. It seeks to address the social consequences of the behaviour of economic agents. Economic theory provides the structure, or framework, for economic inquiry.

Course Learning Outcomes:

Students who successfully complete this course will:

(i) Develop expertise in the methodology of economic analysis. Economic theory has four elements that students are expected to master:

(a) Students will become familiar with the foundation of economic reasoning. This involves a fundamental assumption—that individuals make choices based on their perception of their self-interest. The consequence of this assumption is that individual choices and actions depend on incentives. In turn, incentives depend on the interaction of preferences and constraints on time, income, technology, and ability. This framework explains how choices can be understood in terms of their incremental or marginal costs and benefits and how changing an individual's perception of either incremental costs or benefits will change behaviour.

(b) Students will master equilibrium analysis which involves aggregating over the choices of individuals and ensuring that the choices of individuals are consistent—that what individuals plan to do they are in fact able to do. Equilibrium analysis underlies how economists explain resource allocation in the economy.

(c) A key part of equilibrium analysis is comparative statics: asking how the equilibrium will change when conditions change.

(d) Students will understand the strengths, limitations, and value judgments that underlie the notion of efficiency. Efficiency is the yardstick by which economists measure the social desirability of resource allocation.

These four elements of economic modeling are developed through their deployment in the topics considered.

(ii) The Economist's View of the World and the Economic Way of Thinking. Scarcity and Its Management; Pareto Optimality and Gains from Trade; The Role of Prices and Markets; Institutional Foundation of Market Economies; Restrictions on Voluntary Trade; Success of Market Economies and Institutional Choice to Relax Scarcity Constraints.

(iii) Consumer Theory: Axioms of Preferences; Budget Set; Optimal Choice and Derivation of a demand function; Marshallian and Hicksian demand functions; Income and Substitution Effects; Expenditure function; Measuring Welfare (CV, EV, Consumer Surplus); Applications.

(iv) Neoclassical Theory of the Firm. Characterization of Technological Possibilities; Opportunity Costs, Sunk Costs, Depreciation, the User Cost of Capital and Economic Profit; Profit Maximization; Cost Minimization Long and Short Run.

(v) Theory of Perfect Competition. Assumptions; Price Taking; Supply Curves; Short Run Equilibrium; Quasi-Rents versus Profits, Entry and Exit; Long-Run Industry Supply Curve; Ricardian Rents.

(vi) The Use and Usefulness of Economics in the Determination of Public Policy: Equity vs. Efficiency; Market Failure and the normative role for government (An Introduction to Econ 357)

Course Outline:

Part I: Introduction to Microeconomics & the Economic Way of Thinking

Introduction and Methodology

Core Concepts: Opportunity Cost, Scarcity, Thinking on the Margin, Markets (Supply & Demand), the Role of Prices, Pareto Optimality

Part II: Consumer Theory

Consumer Preferences and Utility

Optimal Choice

The Theory of Demand

Part III: Theory of the Firm

Inputs and Production Functions

Costs and Cost Minimization

Profit Maximization

Part IV: Markets and Equilibrium

Perfect Competition

Applications of the Theory of Perfect Competition

Market Failures

Comparative Statics

Part V: The Use and Usefulness of Economics in the Determination of Public Policy

Equity vs. Efficiency

The Role of the Government

Prerequisites/corequisites:

ECON 201 and ECON 203, and Math 249

Required Textbook(s):

Varian, H. 2019. *Intermediate Microeconomics* 9th edition, Media Update. New York: Norton.

Books on Reserve:

Bernstein, W. J. 2004. *The Birth of Plenty: How the Prosperity of the Modern World was Created*. New York: McGraw-Hill.

Bernstein, W. J. 2008. *A Splendid Exchange: How Trade Shaped the World*. New York: Atlantic Monthly Press.

de Soto, H. 2000. *The Mystery of Capital*. New York: Basic Books.

Deaton, Angus. 2013. *The Great Escape: Health, Wealth, and the Origins of Inequality*. Princeton: Princeton University Press.

Edmonds, D. 2014. *Would You Kill the Fat Man?* Princeton: Princeton University Press.

Ferguson, N. 2011. *Civilization: The West and the Rest*. Penguin Press: New York.

Friedman, D. 1996. *Hidden Order: The Economics of Everyday Life*. New York: Harper Business.

Harford, T. 2006. *The Undercover Economist*. Oxford: Oxford University Press.

Katz, M., and H. Rosen. 1998. *Microeconomics*. 3rd. Edition. Burr Ridge, Illinois: IRWIN.

Landsburg, S. 1993. *The Armchair Economist*. Toronto: Maxwell MacMillan.
Levinson, M. 2006. *The Box*. Princeton: Princeton University Press.
Litan, R. E. 2014. *Trillion Dollar Economists*. Hoboken, N.J.: Wiley and Sons.
McCloskey, D. 2019. *Why Liberalism Works*. 2019. New Haven: Yale University Press.
Miller, R. L., D. K. Benjamin, and D. C. North. 2001. *The Economics of Public Issues*. 12th ed. New York: Addison Wesley.
Mitchell, M. and P. Boettke. 2017. *Applied Mainline Economics*. Arlington: Mercatus Center.
Oman, N. 2016. *The Dignity of Commerce*. Chicago: Chicago University Press.
Philippon, T. 2019. *The Great Reversal*. Cambridge: Belknap/Harvard.
Prasch, R. 2008. *How Markets Work*. Northampton, Mass.: Edward Elgar.
Rivoli, P. 2009. *The Travels of a T-Shirt in the Global Economy*. Hoboken: John Wiley.
Schelling, T. 1984. *Choice and Consequence*. Cambridge: Harvard University Press.
Smith, A. 1976. *The Wealth of Nations*. Chicago: University of Chicago Press.
Watson, W. 2016. *The Inequality Trap: Fighting Capitalism Instead of Poverty*. University of Toronto Press: Toronto.
Yergin, D., and J. Stanislaw. 1998. *The Commanding Heights*. New York: Simon & Schuster.

Online Delivery:

This course will be delivered online. Students are expected to be able to participate online in accordance with this Course Outline. Lectures, assignments, office hours, exams, readings and other course material, etc. all require online access and this access is the responsibility of the student.

In order to remotely participate in online courses, students will need to have: computer with a current and updated operating system (macOS or Windows will work with all university-supported online learning technologies), a current and updated web browser installed – the latest versions of Firefox, Safari, Chrome or Edge will help to avoid compatibility issues, secure and reliable internet, microphone / headphones, webcam (optional), scanner (or camera to scan your work).

Desire2Learn:

This course will make use of the Desire2Learn (D2L) platform. Students who are registered in the course can log on at <http://d2l.ucalgary.ca> through their student centre. Please note that D2L features a class e-mail list that may be used to distribute course-related information. These e-mails go to your University of Calgary e-mail addresses only.

Lectures:

Lectures will be delivered online at the Registrar scheduled times and delivered using ZOOM. The lectures will be recorded and subsequently posted to D2L.

Tutorials:

Students are expected to attend “virtually” the tutorial sections to which they have been assigned. Tutorials will be offered online, typically using ZOOM, but can involve moderated discussion boards and curated delivery of alternative online resources. During the tutorials, the TA will discuss pre-assigned questions and additional material relevant to the course that is not covered in lectures.

Grade Determination and Final Examination Details:

ASSIGNMENTS (3)	30%
MIDTERM EXAM	20%
FINAL EXAMINATION	40%
PARTICIPATION	10%
	<hr/>
	100%

The official grading system will be used. See <http://www.ucalgary.ca/pubs/calendar/current/f-1-1.html>.

A passing grade on any particular component of the course is not required for a student to pass the course as a whole.

If a student's letter grade on the final exam exceeds their midterm(s) letter grade, the weight of the midterm(s) may be transferred to the final exam at the discretion of the instructor. The student must have written the midterm(s) or provided supporting documentation for the absence(s) such as a medical note or statutory declaration.

As per the Writing Across the Curriculum Statement in the Calendar, writing and grading thereof will be a factor in the evaluation of student work. See <https://www.ucalgary.ca/pubs/calendar/current/e-2.html>.

Course material dealing with a particular assignment will typically be covered in class at least 5 days before the assignment is due; thus, assignments can be completed at any time up to and including the due date. Given these factors, only situations where someone can document illness or domestic affliction would possibly warrant shifting the assignment weight to the final exam.

The midterm exam is take-home exam designed and intended to be completed in 75 minutes. The exam(s) will be OPEN book. The exam(s) will be available on D2L. Students will download the exam from D2L, complete the exam, scan it, and submit using Dropbox in D2L. Students will have 50% time extension to complete the exam, at a time of your choosing, within a 24-hour period determined by the instructor.

The final examination will be take-home, comprehensive, and scheduled by the Registrar. Students will download the exam from D2L, complete the exam, scan it, and submit using Dropbox in D2L. Student will have 50% more time to complete the exam, at a time of their choosing, within the 24-hour period that begins 24 hours before the end date of the Registrar's scheduled final exam for this course. The exam is designed and intended to be completed in two hours. The exam will be OPEN book. All other course components will also be accessed, submitted, and returned through D2L.

If a student cannot write their final exam on the date assigned by the Registrar's Office, they need to apply for a deferred exam <https://www.ucalgary.ca/pubs/calendar/current/g-6.html>. Under no circumstance will this be accommodated by the Department.

The Midterm and Final Exam WILL NOT involve multiple choice questions and / or fill-in-blank questions.

Participation grades will be determined on the basis of participation in discussion at live lectures, pop-up quizzes, and/or a make-up assignment. Recognizing that students will be attending this course from multiple time zones, attendance at lecture live will not be required to achieve full participation grades.

For those attending live, the pop-up quizzes will be completed by groups in discussion rooms during lecture. Students who are unable to attend live will have a 36-hour period from the end of lecture to submit the pop-up quiz individually. A make-up assignment consisting of a video submission will also be made available for additional participation grades. Grades for active participation in discussion will be applied as a top-up if necessary (and earned), and at the discretion of the instructor.

The target date (subject to finalization) for the midterm is May 26th. Exact date and 24-hour time period will be announced at least one week before the test.

THERE WILL BE NO MAKEUP OR DEFERRED QUIZZES/TESTS/EXAMS under any circumstances, nor may the quizzes/tests/exams be written early. Students unable to write the quizzes/tests/exams because of documented illness, family emergency, religious observance, or university-sanctioned event will have the weight shifted to the final examination; otherwise a grade of zero will be assigned.

Reappraisal of Grades and Intellectual Honesty:

For Reappraisal of Graded Term Work, see Calendar I.2

<http://www.ucalgary.ca/pubs/calendar/current/i-2.html>

For Reappraisal of Final Grade, see Calendar I.3

<http://www.ucalgary.ca/pubs/calendar/current/i-3.html>

ACADEMIC MISCONDUCT

Academic Misconduct refers to student behavior that compromises proper assessment of students' academic activities and includes: cheating; fabrication; falsification; plagiarism; unauthorized assistance; failure to comply with an instructor's expectations regarding conduct required of students completing academic assessments in their courses; and failure to comply with exam regulations applied by the Registrar.

Student committing academic misconduct during the final exam will not receive a passing grade for the course.

For information on the Student Academic Misconduct Policy, Procedure and Academic Integrity, please visit: <https://www.ucalgary.ca/pubs/calendar/current/k-3.html>

Academic Accommodations:

Students seeking an accommodation based on disability or medical concerns should contact Student Accessibility Services. SAS will process the request and issue letters of accommodation to instructors. Students who require an accommodation in relation to their coursework based on a protected ground other than disability should communicate this need in writing to their Instructor. The full policy on Student Accommodations is available at

<https://www.ucalgary.ca/legal-services/university-policies-procedures/accommodation-students-disabilities-procedure>

Freedom of Information and Protection of Privacy (FOIP) Act:

Personal information is collected in accordance with FOIP. Assignments can only be returned to the student and will be accessible only to authorized faculty and staff. For more information, see <https://www.ucalgary.ca/legal-services/access-information-privacy>

Copyright Legislation:

See the University of Calgary policy on Acceptable Use of Material Protected by Copyright at <https://www.ucalgary.ca/legal-services/university-policies-procedures/acceptable-use-material-protected-copyright-policy> Students who use material protected by copyright in violation of this policy may be disciplined under the Non-Academic Misconduct Policy.

Course materials created by instructors (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the instructor. These materials may NOT be reproduced, redistributed or copied without the explicit consent of the instructor. The posting of course materials to third party websites such as note-sharing sites without permission is prohibited. Sharing of extracts of these course materials with other students enrolled in the course at the same time may be allowed under fair dealing.

Recording of Lectures:

Recording of lectures is prohibited, except for audio recordings authorized as an accommodation by SAS or an audio recording for individual private study and only with the written permission of the instructor. Any unauthorized electronic or mechanical recording of lectures, their transcription, copying, or distribution, constitutes academic misconduct. See <https://www.ucalgary.ca/pubs/calendar/current/e-6.html>.

Important Dates:

Please check: <http://www.ucalgary.ca/pubs/calendar/current/academic-schedule.html>

Student Organizations:

Faculty of Arts Students' Association (F.A.S.A.):

Economics Department Representative

Office: SS 803, E-mail: econrep@fasaucalgary.ca and Web: www.fasaucalgary.ca.

Society of Undergraduates in Economics:

<https://www.ucalgarysue.com/>.

Society of Undergraduates in Economics is a student run organization whose main purpose is to assist undergraduate economics students to succeed both academically and socially at the University of Calgary. Services include access to the exam bank, career events such as Industry Night and information sessions, mentorship programs, and social events for members. They invite you to join by contacting SUE at societyofundergradsineconomics@gmail.com.

Faculty of Arts Program Advising and Student Information Resources:

- Have a question, but not sure where to start? The Arts Students' Centre is your information resource for everything in Arts! Drop in at SS102, call them at 403-220-3580, or email them at artsads@ucalgary.ca. You can also visit the Faculty of Arts website at <http://arts.ucalgary.ca/undergraduate>, which has detailed information on common academic concerns, including program planning and advice.
- For registration (add/drop/swap), paying fees and assistance with your Student Centre, contact Enrolment Services at 403-210-ROCK [7625] or visit them in the MacKimmie Library Block.

Student Support and Resources:

- See <https://www.ucalgary.ca/registrar/registration/course-outlines> for information on campus mental health resources, the Student Ombuds' Office, Student Success Centre, Safewalk, and Emergency Evacuation and Assembly.

- Online writing resources are available at <https://ucalgary.ca/student-services/student-success/writing-support>.

Notes:

1. Students are responsible for all assigned material, e.g., supplementary material posted on D2L, regardless of whether or not the material was covered in class.

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2021-04-21