

Microeconomic Analysis and Applications

ECON 208, Section 3

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Course Description

The course aims to introduce students to some basic economic principles and to show them how they can be applied. Economics studies the allocation of scarce resources among alternative uses to satisfy human wants. Microeconomics focuses on the economic choices of individual decision-making units (such as individual consumers, resource owners, and firms), 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. (This is in contrast to macroeconomics which studies the aggregate level of output and national income, the level of national employment, consumption, investment, and prices for the economy viewed as a whole.) At each stage of the course, some theory will be presented and then it will be used for a variety of applications. Microeconomics lays the foundation for many “applied” fields of economics such as industrial economics, labor economics, natural resources and environmental economics, agricultural economics, public economic, development economics, and international economics. Econ 208 is an introductory course in microeconomics and assumes that the student has no prior knowledge of economics.

Math requirements: A working knowledge of arithmetic and a small amount of basic algebra should be enough.

Study Hints: I strongly recommend that you keep up with the material as the course progresses - don't wait until exam time, it is very easy to get behind, and difficult to catch up when you do. Economic reasoning builds upon itself, so you need to understand each part as we go along. Continuous class attendance is strongly encouraged. Any points raised in class can end up in the exams.

Time and Place

Lectures are on Tuesdays and Thursdays, 4:05-5:25pm. Location as indicated on Minerva.

Instructor

Leonie Baumann. Email: leonie.baumann@mcgill.ca.

Office: Leacock, room 507.

Office hours: Tuesdays, 10.30-11.30am. Please try to clarify any content-related questions first with the TAs.

Teaching Assistants

Jacob Hazen. Email: jacob.hazen@mcgill.ca.

Sichang Huang. Email: sichang.huang@mcgill.ca.

The TAs will hold several office hours and several conferences each the week. **Conferences** will be 50-minutes long, will start in the 2nd or 3rd week of the semester and afterwards will take place every week. In the conferences, the TAs will, for example, go through the solution of assignments or practice questions that I will post on *myCourses*. They can also re-explain lecture content if the students wish. Generally, conferences will apply the material covered in lectures and text, and conference sheet material is eligible for examination. You do not have to register for conferences.

In the **office hours** of TAs, you can have an individual meeting with the TA and ask questions about the lecture content, for example. They will do their best to explain it to you. If you do not understand the material of the course, the TA office hours are there to help you understand and navigate the material.

A list of conference times and locations and TA office hours will be posted on *myCourses*.

Communication

I will send announcements and communicate via emails through *myCourses*.

If you have a question,

- 1) check with your colleagues;
- 2) if 1) fails, contact the TA;
- 3) if 1) and 2) fail, contact me.

Try to keep your emails short and precise.

Textbook and Course Materials

The **textbook** is Christopher T.S. Ragan (McGill University), *Microeconomics*, 17th edition, published by Pearson Canada (2022). MyLab with eText access can be purchased directly at the Pearson website (<https://www.pearson.com/en-ca/subject-catalog/p/microeconomics/P200000002568/9780137324682>) or through Le James Bookstore. MyLab with eText includes chapter reviews, answers to the even-numbered end-of-chapter exercises, practice quizzes, and more. When using MyLab you will be asked for the course name ('Microeconomic Analysis and Applications: ECON 208 - 003') and Course ID (baumann50238).

Other lecture materials like lecture slides, assignments, practice questions and more will be posted on *mycourses*.

Evaluation

There will be a midterm exam worth 30% of the total course grade and a (cumulative) final exam worth 70%. Since your final exam is cumulative the professor may, solely at her discretion, change an individual student's weights from 30%/70% to 20%/80% if and only if it improves that student's overall grade. Generally, the exams will test the content of the lectures and conferences. I anticipate that the exams will be multiple-choice, although I reserve the right to include some written answers and the drawing of diagrams at my discretion.

The midterm exam will take place in class on October 22 (usual time and place). On that day, class will consist of the exam only. If you miss the midterm for a valid reason (you need to provide evidence of that, e.g. a valid medical note, by the Tuesday following the midterm), its weight will be added to that of the final exam; that is, the final exam will count for 100% of your overall grade. What is regarded as "valid reason" is at the discretion of your professor, as is the acceptability of required supporting evidence. There will be no makeup exam for the midterm.

The final exam will be held in person. It will be a 3-hour exam and will take place on campus in December, with time and location as determined by the University.

Under no circumstances will you be allowed to present additional work to increase your grade in the course.

Please take note of the University Student Assessment Policy: "In the event of extraordinary circumstances beyond the University's control, the evaluation scheme in a Course is subject to change."

Use of Generative AI

The use of generative artificial intelligence tools or apps for assignments in this course, including tools like ChatGPT, Gemini, Claude, Microsoft Copilot and other AI writing or coding assistants, is prohibited.

Course Outline

Week numbers are estimates only, and actual may differ from estimated. Due to time constraints, it is possible that some topics will not be covered or some topics added. I maintain discretion regarding changes in this outline. Any changes will be announced in class and/or via *myCourses*.

Core course component:

1. Introduction: What is Economics? (weeks 1 and 2)
 - (a) Economic Issues and Concepts (preface, chap. 1)
 - (b) Economic Theories, Data and Graphs (chap. 2)
2. An Introduction to Demand and Supply (in a Competitive Market) (weeks 2 and 3)
 - (a) Market Demand, Supply, and Price (chap. 3)
 - (b) Elasticity (chap. 4)
 - (c) Price Controls and Market Efficiency (chap. 5)
3. Consumer Behavior (chap. 6) (weeks 4 and 5)
4. Producers (weeks 5 and 6)
 - (a) Production and Costs in the Short Run (chap. 7)

- (b) Production, Costs and Technology in the Long Run (chap. 8)
- 5. Market Structure and Efficiency (weeks 7, 8 and 9)
 - (a) Perfectly Competitive Markets (chap. 9)
 - (b) Monopoly, Cartels, and Price Discrimination (chap. 10)
 - (c) Imperfect Competition and Strategic Behavior (chap. 11)
 - (d) Economic Efficiency and Public Policy (chap. 12)
- 6. Market Failure and Government Intervention (chap. 16) (weeks 9 and 10)

Complementary course component:

Some or all of the following complementary topics will be covered, in whole or in part, depending on time available following completion of the Core Component. (Estimated weeks 11, 12 & 13).

- Environmental Protection (chap. 17)
- Specialization and Gains from Trade (chap. 19)
- Trade policy (chap. 20)

McGill Policy Statement

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.

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

As the instructor of this course I endeavor to provide an inclusive learning environment. However, if you experience barriers to learning in this course, do not hesitate to discuss them with me and the Office for Students with Disabilities.

McGill University is on land which has long served as a site of meeting and exchange amongst Indigenous peoples, including the Haudenosaunee and Anishinabeg nations. We acknowledge and thank the diverse Indigenous people whose footsteps have marked this territory on which peoples of the world now gather.

No audio or video recording of any kind is allowed in class without the explicit permission of the instructor. The use of Mobile Computing and Communications Devices devices must, in all cases, respect policies and regulations of the University, including in particular the Code of Student Conduct and Disciplinary Procedures; the Policy Concerning the Rights of Students with Disabilities; and the Policy on the Responsible Use of McGill IT Resources.

Instructor generated course materials (e.g., handouts, notes, summaries, exam questions, lecture and class recordings etc.) are protected by law and may not be copied or distributed in any form or in any medium without explicit permission of the instructor. Note that infringements of copyright can be subject to follow up by the University under the Code of Student Conduct and Disciplinary Procedures.

End-of-course evaluations are one of the ways that McGill works towards maintaining and improving the quality of courses and the student's learning experience. You will be notified by e-mail when the evaluations are available. Please note that a minimum number of responses must be received for results to be available to students.