

ECON 250D1: Introduction to Economic Theory: Honours
Fall 2024, McGill University

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Leacock 433

OVERVIEW: Economics deals with the allocation of scarce resources among alternative uses to satisfy unlimited human wants. *Microeconomics* studies the economic behavior of *individual* decision-making units such as individual consumers, resource owners, business firms, and the operation of individual markets in a free-enterprise economy. (This is contrasted with *macroeconomics* which studies the *aggregate* level of output and national income, and the level of national employment, consumption, investment, and prices for the economy *viewed as a whole*.) Microeconomics serves as the foundation for many “applied” fields of economics such as industrial economics, labor economics, natural resources and environmental economics, agricultural economics, public finance, development economics, and international economics.

Econ 250D is a course in microeconomic theory at *intermediate* level. Topics include the theory of consumer behavior, technology and the theory of the firm, general equilibrium, public goods, welfare economics, game theory. Econ 250D1 is the first half of Econ 250D, offered in the fall semester, and its sequel Econ 250D2 will be offered in the winter semester.

This course follows an analytical approach that uses rigorous, logical reasoning. A good understanding of the material enables you to apply the tools and concepts you have learnt to formulate and analyze related economic problems. To achieve this, it is essential to work on and solve the questions in the textbook and the problem sets. It is natural to find some questions challenging, especially in the beginning.

CLASS SCHEDULE: Mondays and Wednesdays, 11:35am – 12:55pm.

OFFICE HOURS: Tuesdays and Thursdays, 10:30 -11:30am.

TEACHING ASSISTANT: Kaushil Patel (kaushil.patel@mail.mcgill.ca). Our TA will (1) offer tutorials on problem sets and (2) hold office hours. Details are going to be announced on myCourses.

PREREQUISITES: Calculus I and II are prerequisites for this course. The McGill courses that meet this prerequisite are MATH 140 (Calculus 1) and MATH 141 (Calculus 2). Out-of-province students who have taken high-school calculus should register in MATH 150 (Calculus A) and MATH 151(Calculus B). These courses cover the material of Calculus I,II and III in two terms.

TEXT:

- Varian, H.R. and M. Melitz, *Intermediate Microeconomics with Calculus - A Modern Approach*, Second Edition, Norton, 2024

EVALUATION*:

Econ 250D1: Problem sets: 10%; midterm exam: 30%; final exam (cumulative): 60%. The midterm exam will be held on **October 23rd** in class and the final exam will take place during December exam period. There is no make-up exam for the midterm. If you miss the midterm exam (*due to illness or other valid reasons*), your midterm weight will be shifted to your final exam. If you miss the December final exam (*due to illness or other valid reasons*), you will write a *deferred* exam in January 2025. There is no supplemental exam for the fall semester.

Econ 250D1&2: Your fall term grade in Econ 250D1 counts for 50% of your overall Econ 250D grade, which enters your transcript after the Econ 250D2 exam in April 2025. Supplemental examination for eligible students will cover material from both Econ 250D1 and Econ 250D2 and it will be held in August 2025. Supplemental exam mark counts for 100% of the grade.

TRANSFER TO ECON 230:

There are special provisions for students who wish to drop out of the honors/joint honors programs and enter the major concentration program during U1 year *after* the course change (add/drop) period in Fall term. For 2024-2025 academic year, transfers from Econ 250D to Econ 230D are *only* permitted during the January (2025) add/drop period. For students transferring from Econ 250D to Econ 230D, their grades for 230D will be determined by their 250D1 grades in the Fall semester (worth 25%) and their 230D2 grades in the Winter semester (worth 75%).

*POLICY STATEMENTS

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 (APPROVED BY SENATE ON 29 JANUARY 2003) (SEE MCGILL'S GUIDE TO ACADEMIC HONESTY FOR MORE INFORMATION).
2. 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.
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 WRITTEN WORK THAT IS TO BE GRADED. THIS DOES NOT APPLY TO COURSES IN WHICH ACQUIRING PROFICIENCY IN A LANGUAGE IS ONE OF THE OBJECTIVES.(APPROVED BY SENATE ON 21 JANUARY 2009)
4. YOU MAY USE GENERATIVE ARTIFICIAL INTELLIGENCE TOOLS (E.G., CHATGPT, GEMINI, CLAUDE, ETC.) FOR LEARNING AND PRACTICING THE CONCEPTS IN THIS COURSE, BUT THESE TOOLS MAY NOT BE USED FOR COMPLETING ASSIGNMENTS IN THIS COURSE.

TOPICS: The first term is devoted to *Consumer Theory, Exchange, and Producer Theory*. Topics and corresponding chapters are given below. Due to time constraints, it is possible that some sections or topics will not be covered. Additional details, lecture slides, and problem sets will be posted on myCourses.

Topics	Chapters
Introduction	
Competitive Markets	1
Budget Constraints	2
Problem Set 1	
Preferences	3
Problem Set 2	
Utility	4
Choice and Demand	5 & 6
Problem Set 3	
Slutsky Equation	8
Consumer Surplus and Other Welfare Measures	14
Problem Set 4	
Revealed Preference	7
Problem Set 5	
Buying and Selling	9
Intertemporal Choice	10
Problem Set 6	
Exchange	32
Problem Set 7	
Firms in Competitive Markets	19-24
Problem Set 8	

ADVICE: As conveyed in OVERVIEW, a solid understanding of the concepts and theory enable us to formulate and analyze simple microeconomic problems. This ability takes time to develop and cannot be acquired by simple memorization. Working on problem sets is an integral part of the learning process. Do not postpone your work and wait until the last minute. If you encounter difficulties, take to your professor or TA as soon as possible.