Economics 209(L01) Engineering Economics (Econ 209/Engg 209)

Professor: Douglas McClintock  
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Office: SS348 (Social Science Building)  
Office Hours: Tues. / Thurs. 3:30 – 4:30 p.m. (or by appointment)  
Lecture Days/Time: Tues/Thurs: 11:00 – 12:15.  
Lecture Location: KNB 132  
(Winter 2020)

Course Description:
This course includes the basic tools and methodology of engineering economic studies. Topics include basic economic concepts, investment decisions, theory of replacement, project evaluation with taxes and depreciation, social decision making and government projects. Examples are drawn from the textbook and various engineering projects.

Course Objectives:
The objective of this course is to prepare future engineers with the necessary tools to evaluate the economic viability of various engineering decisions, such as revenue projects, service projects and replacement analysis. The concept of willingness to pay to measure benefits for a public project is also emphasized.

Course Learning Outcomes:
This course will introduce the engineering student to the discipline of economics and its importance in the field of engineering. The first part of the course looks at the broad definition of economics and an overall view of Canada’s economy in comparison to other economic systems. In particular, we look at the important macroeconomic issues such as GDP, inflation and the importance of investment spending and the banking system. Since the interest rate is the firm’s financial cost of capital, we explore the role of the Bank of Canada and its relationship with other financial institutions in determining short-term interest rates.

The second (and most comprehensive) part of the course examines the time value of money and how engineers use the time value of money to make important economic decisions. In this section, we examine how interest rates and different compounding periods influence the future value of various capital investments. Future value and present value of annuities, bond and mortgages are also explored. Once we get a solid foundation in this area, we then use these tools to determine the net present value, internal rate of return and payback period of various investment options, which includes depreciation and taxes. Replacement analysis of equipment is also examined. The last part of the course explores the economic evaluation of public projects where the goal is to maximize social welfare instead of profits.
Course Outline:

The following table maps the corresponding chapters from both the Hubbard and Park textbook.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Hubbard Chapter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Micro and Macro Economics</td>
<td>1, 4, and 5</td>
</tr>
<tr>
<td>Money and the Monetary System</td>
<td>10</td>
</tr>
<tr>
<td>Park et. al.</td>
<td></td>
</tr>
<tr>
<td>Time Value of Money</td>
<td>3 and 4</td>
</tr>
<tr>
<td>Understanding Money and It’s Management</td>
<td>5 and 6</td>
</tr>
<tr>
<td>Depreciation, Taxes and Developing Cash Flows</td>
<td>8, 9, 10 and 14</td>
</tr>
<tr>
<td>Replacement Analysis</td>
<td>11</td>
</tr>
<tr>
<td>Economic Analysis in the Public Sector</td>
<td>13</td>
</tr>
</tbody>
</table>

Prerequisites/corequisites:
Students must be in the Faculty of Engineering with second year standing or higher. If not registered in the Schulich School of Engineering, consent of the Department of Economics is needed. If required for APEGA, consent must be obtained by the Schulich Undergraduate Studies Office.

Required Textbook(s)
Park, Zuo et al., Contemporary Engineering Economics (Canadian Perspective), Addison-Wesley, 3rd Canadian Edition.

Books on Reserve:

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.

Tutorials:
Students are expected to attend the weekly tutorial section to which they have been assigned. During the tutorials, the TA will discuss pre-assigned questions and additional material relevant to the course that is not covered in lectures. The commencement of the tutorials will be announced the first week of lectures.
Grade Determination and Final Examination Details:

<table>
<thead>
<tr>
<th>Exam Type</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Midterm Exam 1</td>
<td>25%</td>
</tr>
<tr>
<td>(Thursday February 13, 2020)</td>
<td></td>
</tr>
<tr>
<td>Midterm Exam 2</td>
<td>25%</td>
</tr>
<tr>
<td>(Thursday March 19, 2020)</td>
<td></td>
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<tr>
<td>Final Examination</td>
<td>50%</td>
</tr>
<tr>
<td>(date to be announced later by the Registrar's Office.)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

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) is (are) transferred to the final exam. 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.

Any student work which remains undistributed after the last day of classes will be available to students through the instructor’s office during the instructor’s office hours.

The final examination will be comprehensive, scheduled by the Registrar, held in a classroom, and last 2 hours. 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 www.ucalgary.ca/registrar/exams/deferred_final. Under no circumstance will this be accommodated by the Department.

Tests and exams WILL involve both multiple choice and short answer/calculation questions.

Programmable calculators, (e.g. graphing calculators) cellphones, textbooks, course notes and other electronic devices will not be allowed during the writing of tests or final examinations. Students are reminded that simply being able to access their cellphone during an exam is academic dishonesty.

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

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

Statement of Intellectual Dishonesty, see Calendar K.4
http://www.ucalgary.ca/pubs/calendar/current/k-4.html

Plagiarism and Other Academic Misconduct, see Calendar K.5
http://www.ucalgary.ca/pubs/calendar/current/k-5.html

Academic Accommodation
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 http://www.ucalgary.ca/policies/files/policies/student-accommodation-policy.pdf.

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 http://www.ucalgary.ca/legalservices/files/legalservices/faq-students.pdf and http://www.ucalgary.ca/legalservices/files/legalservices/faq-faculty_0.pdf.

Internet and Electronic Communication Device information:
The use of cell phones for any purpose in class is prohibited. Computers and tablets may be used for note taking only unless otherwise authorized by the instructor.

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

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 MacKinnie 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. The midterm examination will be held during the lecture time. The exam must be completed during the specified time. Extra time will not be given for any reason.

2. For the midterm exam, we may be using multiple class rooms. If so, I will announce the allocation of these class rooms approximately 2 to 3 weeks prior to the midterm exam.

3. Please note that the following types of emails will receive no response: emails not addressed to anyone in particular; emails where the recipient’s name is not spelled correctly; anonymous emails; emails which do not specify the course and section in which you are registered; and, emails involving questions that are specifically addressed on the course outline.

4. I check my emails twice per day, once in the morning and once in the afternoon. (Excluding weekends) Since I teach hundreds of students, please send me an email only if it is absolutely necessary and/or in the case of an emergency.

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

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2019-11-28