



Department of Economics Course Outline

Course:	Economics 301 [Intermediate Economic Theory – Microeconomics I]	Term:	Fall 2007
Time:	TR 12:30 – 13:45	Section:	L02
Instructor:	A. Hollis	Place:	ES 162 (subject to change)
Office:	SS 426	Telephone.:	220-5861
Office Hours:	TR 14:00 – 15:00 or by appointment.	E-mail:	ahollis@ucalgary.ca

Textbook(s):

Eaton Eaton and Allen, *Microeconomics: Theory with Applications*, 6th Edition.

Devlen and Gallini, *Problem Solving in Microeconomics: A Study Guide for Microeconomics: Theory with Applications*, 2005 Edition.

Book(s) on Reserve:

None

Description:

This course is the first of a pair of courses designed to acquaint the student with microeconomic theory. Microeconomics is concerned with a systematic understanding of the economic behavior of consumers and firms. Moreover, it seeks to address the social consequences of the behavior of these economic agents. Students do not need to have an intimate, or any, knowledge of calculus to complete this course. Please note, however, that calculus compatible notation will be used. This course makes extensive use of high school level algebra.

Economic theory provides the structure, or framework, for economic inquiry. For this reason Econ 301 and 357 are the two most important courses majors in economics complete at the University of Calgary. These courses provide the most important element of the three found in a student's economic toolbox (the other two are econometrics and knowledge of both current economies and economic history).

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Economic theory has three elements that students are expected to master:

- i. 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, or 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 behavior.
- ii. Students will master equilibrium analysis which involves aggregating over the choices of individuals and insuring that the choices of individuals are consistent with their income and modeled preferences. Equilibrium analysis underlies how economists explain resource allocation in the economy. A key part of equilibrium analysis is comparative statics: asking how the equilibrium will change when conditions change.
- iii. 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.

Course Outline:

1. The Economist's View of the World and the Economic Way of Thinking

- i. Objectives and Overview
- ii. Methodology
- iii. Pareto Optimality and Gains from Trade
- iv. The Role of Prices
- v. Prerequisites of a Market Economy

2. Consumer Choice

- i. Preference
- ii. Opportunities
- iii. Optimal Choice
- iv. Comparative Statics
- v. Applications

3. Neo-Classical Theory of the Firm

- i. Characterization of Technological Possibilities
- ii. Profit Maximization
- iii. Sunk Costs, Opportunity Costs, and Capital
- iv. Cost Minimization: Long and Short Run
- v. Applications

4. The Competitive Model

- i. Assumptions
- ii. Short-Run Equilibrium
- iii. Long-Run Equilibrium
- iv. Economic Rent
- v. Applications

5. The Use and Usefulness of Economics in the Determination of Public Policy

- i. Equity vs Efficiency
- ii. The Role of the Government (An Introduction to Econ 357!)

Grade Determination and Final Examination Details:

2 Midterm Examinations	40%
Final Examination	30%
Assignments	30%
	100%

Students must receive a passing grade on the final exam to pass the course. 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.

Non-programmable calculators are permitted for all exams. There will be a Registrar scheduled final examination which will be two hours in duration. It will be held in a gymnasium. The final examination will be comprehensive. The exact date for the in-class midterm will be announced at least one week in advance. In cases of documented illness or family emergency, extra weight will be given to the final examination.

Students will be given at least one week to complete each assignment. Late assignments will never be accepted. In cases of documented illness or family emergency, extra weight will be given to the final examination. Any student work which remains undistributed after the last day of classes will be available to students through the instructor's office during his office hours.

The official grading system will be used. A letter grade will be awarded based on the numeric average of the four assignments.

Tests and exams will involve multiple choice questions.

Notes:

- Students seeking reappraisal of a piece of graded term work (term paper, essay, etc.) should discuss their work with the Instructor *within* fifteen days of the work being returned to the class.
- It is the student's responsibility to request academic accommodations. If you are a student with a documented disability who may require academic accommodation and have not registered with the Disability Resource Centre, please contact their office at 220-8237. Students who have not registered with the Disability Resource Centre are not eligible for formal academic accommodation. You are also required to discuss your needs with your instructor no later than fourteen (14) days after the start of this course.

Blackboard:

This course will make use of Blackboard - students who are registered in the course can log on at <http://blackboard.ucalgary.ca/webapps/login> . Please note that Blackboard features a class email list that I will use. It is your responsibility to make sure that Blackboard uses the email of your choice. The default is your University of Calgary email address.

Tutorials:

Tutorials will be offered at various times of the week to work through problem sets. Your attendance at these tutorials is strongly encouraged, although no grades will be given for showing up. The times of the tutorials will be announced during the second or third week of classes.

Students' Union Vice-President Academic:

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2007-07-26