

# Intermediate Microeconomic Theory I

## ECONOMICS EC2150A-001

Department of Economics  
Western University

**Instructor:** Peter Foltin

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**Office Hours:** Tuesday and Thursday, 6-7pm

**Class Time & Location:** Tuesday and Thursday, 7-10pm, SSC 2028

**Course website:** <http://owl.uwo.ca>

**Undergraduate inquiries:** 519-661-3507, SSC Room 4075, or [econugrd@uwo.ca](mailto:econugrd@uwo.ca)

### Course Materials

Required: David Besanko and Ronald R. Braeutigam, *Microeconomics*, 5<sup>th</sup> edition, John Wiley and Sons Inc., 2014.

Recommended: David Besanko and Ronald R. Braeutigam, *Study Guide* (that accompanies *Microeconomics*), 5<sup>th</sup> edition, John Wiley and Sons Inc., 2014.

### Registration

You are responsible for ensuring you are registered in the correct courses. If you are not registered in course, the Department will not release any of your marks until your registration is corrected. You may check your timetable by using the Login on the Student Services website at <https://student.uwo.ca>. If you notice a problem, please contact your home Faculty Academic Counsellor immediately.

### Prerequisite Note

The prerequisites for this course are **Economics 1021A/B** and **1022A/B**, or **Economics 1020**, or **2001A/B** and one of **MCV4U**, **Mathematics 0110A/B**, **Calculus 1000A/B**, **Calculus 1500A/B**, **Mathematics 1225A/B** or the former **Calculus 1100A/B**.

The antirequisite for this course is **Economics 2260A/B**.

You are responsible for ensuring that you have successfully completed all course prerequisites, and that you have not taken an anti-requisite course. Lack of pre-requisites may not be used as a basis for appeal. If you are found to be ineligible for a course, you may be removed from it at any time and you will receive no adjustment to your fees. This decision cannot be appealed.

If you find that you do not have the course prerequisites, it is in your best interest to drop the course well before the end of the add/drop period. Your prompt attention to this matter will not only help protect your academic record, but will ensure that spaces become available for students who require the course in question for graduation.

## Course Objectives

This course will acquaint students with the behaviour of consumers and producers and their interaction in society. Students will be introduced to the key microeconomic tools of constrained optimization, equilibrium analysis, and comparative statics, and shown how they work and why they are important. Intuitive explanations complemented with graphs and numerical and real-life examples will be used to teach the key concepts. This will illuminate the power and versatility of the microeconomic way of thinking. For exams, students will be required to know not only the theory but also how to apply the theory to solve analytical problems.

## Course Learning Outcomes:

Upon successful completion of this course, students will be able to:

- Recall how economists model the preferences of consumers and producers mathematically;
- Transform a consumer's and a producer's choice problem into a constrained optimization problem;
- Solve these constrained optimization problems analytically;
- Aggregate the solution to an individual's choice problem in order to derive demand and supply curves for an entire market;
- Identify the conditions that characterize a perfectly competitive market and apply the concepts of equilibrium and comparative statics analysis;
- Evaluate the impact of government regulation on perfectly competitive markets.

## Assessment:

The final grade will be determined by two in-class midterms and a final exam.

Component	Weight	Date
Midterm 1	25%	May 19, 2016
Midterm 2	25%	June 2, 2016
Final Exam	50%	TBA (June 17 or 18)

The first midterm will cover material from May 10<sup>th</sup> – May 17<sup>th</sup>. The second midterm will cover material from May 24<sup>th</sup> – May 31<sup>st</sup>. The final exam will cover all topics discussed in this course. The time and location of the final examination will be provided by the Registrar's Office. All examinations will consist of a combination of multiple choice and short-answer questions.

Students are advised to bring their current UWO student ID card, a pencil, and a non-programmable calculator to all examinations. Graphing calculators and cell phone calculators are not allowed.

Computer-marked multiple-choice tests and/or exams may be subject to submission for similarity review by software that will check for unusual coincidences in answer patterns that may indicate cheating.

## **Course Outline**

### I. Introduction to Microeconomics

#### Ch. 1 – Analyzing Economic Problems

- Constrained Optimization
- Equilibrium Analysis
- Comparative Statics

#### Ch. 2 – Demand and Supply Analysis

- Supply and Demand

### II. Consumer Theory

#### Ch. 3 – Consumer Preferences and the Concept of Utility

- Consumer Preferences
- Utility Functions

#### Ch.4 – Consumer Choice

- Budget Constraints
- Optimal Choice
- Revealed Preference

#### Ch. 5 – The Theory of Demand

- Optimal Choice
- Income and Substitution Effects
- Consumer Surplus
- Market Demand
- Elasticities (from Ch. 2)

### III. Production and Cost Theory

#### Ch. 6 – Inputs and Production Functions

- Production Functions
- Substitutability among Inputs
- Returns to Scale

#### Ch. 7 – Costs and Cost Minimization

- Cost Concepts
- Cost Minimization

#### Ch. 8 – Cost Curves

- Long-run and Short-run Cost Curves

### IV. Perfect Competition

#### Ch. 9 – Perfectly Competitive Markets

- Perfect Competition

- Profit Maximization
- Market Price Determination

#### Ch. 10 – Competitive Markets: Applications

- Taxes and Subsidies
- Price Regulations
- Production Quotas
- Price Supports
- Import Quotas and Tariffs

Note: Any changes to this schedule will be provided in class. Topics may be added or omitted based on time constraints. Students will be held responsible for all material presented in lectures, regardless of whether the material appears in the textbook.

#### **Policy Regarding Missed Exams**

Accommodation for a missed midterm will be granted with approved documentation only.

If you have a conflict with one of the exam dates, it is your responsibility to discuss it with me no later than one week before the midterm dates and provide documentation of the conflict. If your documentation is approved, you will be allowed to write a make-up exam at 4:30PM on the Thursday prior to the regularly scheduled exam. Make-up midterms may or may not be the same format as the regularly scheduled midterm.

If you miss an exam due to illness or other unforeseen reason, you must email me within 24 hours of the regularly scheduled exam and provide documentation of the reason for missing the exam to your Academic Counsellor. If you miss an exam due to illness, I strongly urge you to visit a doctor on the day of the missed exam to obtain documentation of your illness. If your Academic Counsellor and I agree that your reason for missing the exam is legitimate and supported by your documentation, the weight of the missed midterm will be reallocated to the exam(s) taking place later in the term. Students who miss both midterms may be required to complete an additional assignment.

Students who miss the Final Exam will be required to write a make-up final exam. Students who miss the Final Exam should follow the notification and documentation rules that apply to missed midterms. See above. Additional documentation or notification procedures for missed final exams may be required by your Academic Counsellor. Therefore, please contact your Academic Counsellor as soon as possible regarding a missed Final Exam.

Additional important details on the Department's policy regarding make-up exams are provided on the last page of the syllabus.

#### **Other Course and Classroom Policies**

Attendance: Attendance is mandatory and students will be held responsible for all material and all announcements provided in class. Important announcements, such as times and locations of exams, will also be provided under the announcements section of the course website. Attendance will be kept track of and students whose attendance is not sufficient will be notified and if their attendance does not subsequently improve, they may be barred from writing the final exam.

Office Hours: I encourage students to make good use of my office hours before class. Contact with a course instructor is one of the best resources at student's disposal and students rarely utilize it as often as they should. Students who are struggling with the material or who are looking for a certain level of achievement should come talk to me as early in the course as possible.

Participation: I encourage you to participate and ask questions in class. Class discussion is a very useful component of learning, keeps class lively and interesting for all of us, and helps me identify topics that I should go over in more detail (at that time or as we prepare for exams).

Cell Phones: Please turn off your cell phones and other communication devices before entering the classroom.

Laptops: You may use a laptop in class **only** to take notes.

Emails: According to university policy, I am not allowed to respond to non-UWO email addresses. Please use your UWO email address in all communications.

## Please Note

### Department Policies – Summer 2016

Remember that the University expects all students to take responsibility for their own academic programs. Also remember to check your registration to make sure you are enrolled in the correct courses.

1. Guidelines and policies for the Faculty of Social Science and the Department of Economics are posted online in the current Western Academic Calendar at <http://westerncalendar.uwo.ca>.
2. Students must familiarize themselves with the “Rules of Conduct for Examinations” <http://westerncalendar.uwo.ca/2016/pg136.html>.
3. **Cheating as an academic offence:** Students are responsible for understanding what it means to “cheat”. The Department of Economics treats cheating incidents very seriously and will investigate any suspect behaviour. Students found guilty will incur penalties that could include a failing grade or being barred from future registration in other economics courses or programs. The University may impose further penalties such as a notation on your official academic transcript, suspension or expulsion.
4. **Plagiarism:** Students must write their essays and assignments in their own words. Whenever students take an idea or a passage from another author, they must acknowledge it by using quotation marks where appropriate and referencing with footnotes or citations. Plagiarism is a major academic offence (see Scholastic Offence Policy in the current UWO Academic Calendar at <http://westerncalendar.uwo.ca/2016/pg113.html>).

The University of Western Ontario uses software to check for plagiarism and students may be required to submit their written work in electronic form. Those found guilty will have penalties imposed as noted in point 3.

5. It is Department of Economics policy that **NO** assignments be dated, stamped or accepted by staff. Students are responsible for submitting assignments in class or to the instructor during office hours.
6. When appealing a mark, students should refer to the University’s Procedures in the current UWO Academic Calendar (<http://westerncalendar.uwo.ca/2016/pg112.html>). Please note the relevant deadlines.

The Department will not consider any appeal unless an attempt has been made to settle the matter first with your instructor. If after this discussion you remain dissatisfied with a grade or other decision, you may proceed with a written appeal (e-mails are not acceptable) to the Undergraduate Director in Economics, stating the reasons for your appeal. A useful form and checklist is provided at

[http://economics.uwo.ca/undergraduate/program\\_counselling/responsibilities\\_policies.html#appeals](http://economics.uwo.ca/undergraduate/program_counselling/responsibilities_policies.html#appeals)

7. Systematic adjustments of a class grade distribution (either up or down) can occur in Economics courses. The fact that grades have been adjusted is **not** grounds for an appeal.
8. Note the following add and drop deadlines:

Dates for **adding** courses in the summer:

Last day to <u>add</u> a Distance Studies Course	Monday, May 13, 2016
Last day to <u>add</u> an Intersession Course:	Tuesday, May 17, 2016
Last day to <u>add</u> a first term half course Summer Evening:	Friday, May 8, 2016
Last day to <u>add</u> a second term half course Summer Evening:	Friday, June 24, 2016

Dates for **dropping** Courses in the summer:

Last day to <u>drop</u> a Distance Studies Course	Monday, June 13, 2016
Last day to <u>drop</u> an Intersession Course	Monday, June 6, 2016
Last day to <u>drop</u> a first term half course Summer Evening:	Monday, June 6, 2016
Last day to <u>drop</u> a second term half course Summer Evening:	Friday, July 18, 2016

9. Faculty of Social Science policy states that oversleeping or misreading an exam schedule is not an excuse for a make-up. This rule applies to all mid-term tests and final exams in the Department of Economics.

### **Policy Regarding Makeup Tests and Final Examinations**

*Academic Accommodation will **not** be granted automatically on request. You **must** demonstrate by documentation that there are **compelling** medical or compassionate grounds before academic accommodation will be considered.*

If you decide to write a test or an examination, you must be prepared to accept the mark you earn. Rewriting tests or examinations, or having the value of the test or examination reweighted on a retroactive basis, is **not** permitted. Book airline flights after you know the dates of your final examinations. Airline flights must not conflict with test or final exams.

If you are requesting a makeup test for a midterm or a final examination, unless medically incapable, notify your instructor by email or phone, preferably prior to the scheduled date of the test, but definitely within **24 hours** of the date of the test or exam. Failure to follow this procedure may result in denial of a request for academic accommodation or result in a grade of zero. Set up an appointment as soon as possible to meet personally with your instructor. If the instructor is not available, you may send an email message, copying the Undergraduate Coordinator at [econugrd@uwo.ca](mailto:econugrd@uwo.ca) (Social Science Room 4075). **Notifying your instructor of a missed test or exam does not automatically entitle you to a makeup test.**

Students who seek a makeup test or examination must provide medical or other relevant verification that their absence from a regularly scheduled test or examination is beyond their control. Documentation must support your reasons. Medical documentation should be given to the Academic Counselling Office of your *home* Faculty **as soon as possible (preferably within 24 hours of the test)** if you know you may not be able to write your final examination on the scheduled day and time.

Failure to follow this procedure, or to provide supporting documentation, may result in denial of a request for academic accommodation or result in a grade of zero. If your documentation is not acceptable, you will be given a zero for the missed test.

For personal illness, if you consult Student Health Services regarding your illness or personal problem, you should request a Student Medical Certificate from the physician. If you were seen by an off-campus doctor, obtain a certificate from his/her office at the time of your visit. The off-campus medical certificate form must be used and can be found at: [http://www.uwo.ca/univsec/pdf/academic\\_policies/appeals/medicalform.pdf](http://www.uwo.ca/univsec/pdf/academic_policies/appeals/medicalform.pdf). Notes stating "For Medical Reasons" are not considered sufficient.

For any other circumstances, if you are not sure what documentation to provide, ask your Academic Counselor. If your documentation is judged sufficient, the academic counselor will issue a Recommendation for a Special Examination (a single form for midterms or a triple color form for final examinations). Once you have this form, contact your instructor ASAP to make arrangements. Even if approved from your home faculty Academic Counsellor, there is no guarantee that you will be allowed to write the makeup test and exam.

For final examinations, you need permission from your *home* Faculty Counsellor, your instructor, and the Department Chair. Failure to follow this procedure may result in an examination grade of zero. You must ensure that the Special Examination form has been signed by the instructor and Department Chair and that the form is returned to the Academic Counseling Office for approval without delay. Make-up final examinations, if permitted, will be written within one month of the end of the exam period.

### **Policies Regarding Academic Accommodation**

Information about the Faculty of Social Science's policies regarding academic accommodation is found on its website at <http://counselling.ssc.uwo.ca/procedures/havingproblems.asp> or in Social Science Room 2105. Your "Academic Rights and Responsibilities" are also outlined in the current UWO Calendar at <http://westerncalendar.uwo.ca/2016/pg111.html>. Claiming that "you didn't know what to do" is not an acceptable excuse for not following the stated procedures.

### **Policy Regarding Class Attendance**

If your instructor views your class attendance as unsatisfactory, you can be debarred from writing the final examination. If there is intent to make use of this University policy, you will be notified in writing.

### **Statement on Mental Health and Support Services**

If you or someone you know is experiencing emotional/mental distress, there are several resources here at Western to assist you. Please visit <http://www.uwo.ca/uwocom/mentalhealth/> for more information and a complete list of resources, as well as how to obtain help.