



## COURSE DESCRIPTION

This course and its continuation (AP/ECON 2350) provide an introduction to microeconomic theory and the analytical tools used in the study of how individuals, households, and firms make decisions given the incentives and constraints of their economic environment. In this half, we will cover topics in consumer theory and its applications, including preferences and utility functions, market and compensated demands, consumption-leisure choice, intertemporal choice and choice under uncertainty. Topics in producer theory include cost minimization in the long and short run, profit maximization, input market demands and product supply.

## SOME IMPORTANT DATES

Classes start / end	June 29 / August 12
Last date to add a course without / with permission of instructor	July 3 / July 10
<i>Last date to drop course without receiving a grade</i>	<i>July 29</i>
Course Withdrawal Period (withdraw from a course and receive a “W” on the transcript)	July 30 – August 12
Examination Period	August 14- 21

## GRADING

The course grade will be based on **term work** (worth up to 50%) and a **final exam (50%)**.

### **Term Work**

The term work will consist of **three online tests, each of the best two worth 25%**.

It is expected that each test will be based on all the material covered up to and including the week(s) before the week of the test. The composition of each test will likely rely more heavily on the material covered in approximately the two week period preceding the test date. The test dates are:

Test 1: July 13 (Mon), 4:45pm-5:45pm (based on the material corresponding to June 29, July 6, July 8)

Test 2: July 27 (Mon), 4:45pm-5:45pm (based on the material corresponding to July 13, July 15, July 22))

Test 3: Aug.10 (Mon), 4:45pm-5:45pm (based on the material corresponding to July 27, July 29, Aug. 3)

### **Final Exam**

The final exam will be comprehensive and will held during the examination period on the date and time scheduled by the University (to be announced).

### Please note:

Term Tests: There will be no make up term tests.

- *If you miss one test:* there is no penalty since only your best two test marks count.
- *If you miss two tests:* the weight of the single test you completed will be 35% and the final exam weight will be 65%.
- *If you miss three tests:* the final exam will be worth 65% and *zero will be assigned for each term test missed so that 35% of your grade will be zero.*

Final Exam: The opportunity to write a deferred exam will be available to students who are unable to complete the final exam due to reasons beyond their control. After the date of the final exam, there will be an announcement on the course website on how to request deferred standing.

Reappraisal of Term Work: It is strongly recommended that reappraisal of students' term work should be completed during the course of the term and prior to the submission of final course grades.

Note on Senate Policy on Academic Honesty: Conduct that violates the ethical or legal standards of the University community or of one's program or specialization may result in serious consequences. Students are encouraged to familiarize themselves with the Senate Policy

### TEXTBOOKS (OPTIONAL)

There is no required textbook. There are several good textbooks, including the following:

1. Hal Varian, *Intermediate Microeconomics with Calculus A Modern Approach*, 9<sup>th</sup> Edition, W. W. Norton & Company, Inc. (RECOMMENDED)
2. Walter Nicholson, *Microeconomic Theory : Basic Principles And Extensions*, 9<sup>th</sup> ed. Mason, Ohio : Thomson/South-Western, c2005.
3. Walter Nicholson, Christopher Snyder, *Intermediate Microeconomics And Its Application*, 10<sup>th</sup> ed. Mason, Ohio : Thomson/South-Western, c2007.
4. McAfee, R. Preston (2005) *Introduction to Economic Analysis*. Self-Published , Pasadena, CA. ISBN 160049000X (Unpublished) <http://resolver.caltech.edu/CaltechBOOK:2005.002> (Free Book)

LIST OF TOPICS: Please see the course website on moodle.yorku.ca for the detailed list.

#### Consumer Theory

- Budget Constraint
- Preferences, Utility Functions, Indifference Curves, MRS
- Utility Maximization and Market Demands
- Expenditure Minimization and Compensated Demands
- Income and Substitution Effects: The Slutsky Equation
- The Endowment Model and Applications

#### Producer Theory

- Production Functions, Isoquants, Marginal Products, Returns to Scale
- Firm Costs, Cost Minimization, Conditional Input Demands, Cost Functions
- Short Run vs Long Run Costs
- Profit Maximization in Input Space and Output Space
- Firm Supply, Profit and Producer Surplus

#### Market Analysis

- Aggregate Demand and Aggregate or Industry Supply
- Equilibrium and Efficiency under Perfect Competition