

McGill University
AGEC 200: Principles of Microeconomics Fall 2014

(Wednesday and Friday, 8:35-9:55, Raymond 2-046)

Instructor: Prof Nicolas Kosoy Office: MS 3-037

Office Hours: By appointment

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Teaching Assistants:

Mr Matthew Ainsley

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Office Hour: Wednesday 1:30-2:30 PM

Mac campus: Raymond building: MS2-092

Course Objectives:

This course introduces students to the basic principles of microeconomics. Economics has been traditionally divided in two branches: microeconomics and macroeconomics. Microeconomics deals with the behaviour of relatively small entities and markets, specifically it concerns how decision-making units that make up the economy (e.g. individuals, households and firms) make decisions, what influences their decisions and the effects of the decisions. The objective of this course is to compare economic approaches to individual behaviour by applying a specific set of analytical tools. This should give you a new perspective on your everyday actions and expose students to the plethora of microeconomics approaches from orthodox to heterodox understanding of decision making.

Required Text:

Varoufakis, Y. 1998. Foundations of Economics: A beginner's companion. Routledge, UK.

Companion Text:

Ragan, C.T.S and R.G. Lipsey. 2013. *Microeconomics*, 14th Canadian Edition, Pearson Education Canada.

One of the goals for this course is that everyone should be able to critique articles in publications such as *The Economist*, *Wall Street Journal*, *Financial Times* and the business section of major newspapers using good economic intuition and knowledge.

Grading

Two in class exams 50% (25% each)☒

I will assign three (3) problem sets, which amount to the 30% of your total grade. The remaining 20% is based on a continuous assessment of students in class active participation, with emphasis in class debates. The exams will contain a series of multiple choice, true/false and short problem solving questions.

Academic Integrity:

On January 29, 2003 the McGill Senate approved the following resolution on academic integrity:

"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 (see www.mcgill.ca/integrity for more information)."

Policy on Make-up Exams

All exams must be taken at the assigned date and time. An exception to this policy will only be granted for serious circumstances that are beyond your control. In these instances, students must contact the instructor within 48 hours of the missed exam (earlier if possible) and provide appropriate documentation.

Tentative Lecture Schedule

Section 1: Introduction to Economics

September 2014 Wed 03 **Introduction to the Course:** Methods, materials and practice

<http://unlearningeconomics.wordpress.com>

September 2014 Fri 05 **Life without economics/Thinking like an economist.**

Readings:

Varoufakis, 1998. Chapter 1: Introduction;

Parkin, M. & Bade, R. Microeconomics: Canada in the Global Environment Plus NEW MyEconLab with Pearson eText - Access Card Package. (Prentice-Hall, Inc., 2012).
CHAPTER 1 (PDF provided)

September 2014 Wed 10 **Demand Side Orthodoxy**

Reading: Lipsey, R.G. and Chrystal, KA. 1999. *Principles of Microeconomics*, Ninth Edition. Oxford University Press. Chapters 3 and 4. PDF PROVIDED

September 2014 Fri 12 **Demand Side Orthodoxy II**

Reading: Lipsey, R.G. and Chrystal, KA. 1999. *Principles of Microeconomics*, Ninth Edition. Oxford University Press. Chapters 3 and 4. PDF PROVIDED

September 2014 Wed 17 **Demand Side Orthodoxy III**

September 2014 Fri 19

September 2014 Wed 24

September 2014 Fri 26 **Demand Side Orthodoxy III**

Reading: Lipsey, R.G. and Chrystal, KA. 1999. *Principles of Microeconomics*, Ninth Edition. Oxford University Press. Chapters 6 and 7. PDF PROVIDED

October 2014 Wed 1 **Consumption- History of Utility maximization**

Readings: Varoufakis, 1998. Chapter 2 & 3

October 2014 Fri 3 **Class debate – Critique to utility maximization**

Readings: Keen, S. 2011. Debunking Economics: The naked emperor dethroned?
CHAPTER 3 (PDF provided)

TAKE HOME problem set 1

Section 2: Production and Markets

October 2014 Wed 8 **Supply Side- The Firm Orthodoxy**

Readings: Ragan, C.T.S and R.G. Lipsey. 2013. *Microeconomics*, 14th Canadian Edition, Pearson/Addison Wesley Publishers. CHAPTER 6 (PDF provided)

October 2014 Fri 10 **Supply Side- The Firm, Production and Costs - Heterodoxy**

Readings: Varoufakis, 1998. Chapter 5

October 2014 Wed 15 **Production and Costs Orthodoxy**

Readings: Ragan, C.T.S and R.G. Lipsey. 2013. *Microeconomics*, 14th Canadian Edition, Pearson/Addison Wesley Publishers. CHAPTER 7,8 (PDF provided)

October 2014 Fri 17 **Discussion of Supply; Production and Costs**
TAKE HOME problem set 2

Perfect Competition

October 2014 Wed 22 Readings: Varoufakis, 1998. Chapter 6; Pindyck, R. S. and Rubinfeld, D.L. 2013. *Microeconomics*. Eight Edition. Pearson. CHAPTER 9 (PDF provided)

October 2014 Fri 24 **Competition as Monopoly**

Pindyck, R. S. and Rubinfeld, D.L. 2013. *Microeconomics*. Eight Edition. Pearson. CHAPTER 10 (PDF provided)

October 2014 Wed 29 **Competition as Oligopoly**

Pindyck, R. S. and Rubinfeld, D.L. 2013. *Microeconomics*. Eight Edition. Pearson. CHAPTER 12 (PDF provided)

October 2014 Fri 31 **Discussion on Competitive Markets**

November 2014 Wed 5 **REVIEW SESSION**

November 2014 Fri 7 **IN CLASS EXAM**

Section 2: Decision Making: from the Individual to Society

November 2014 Wed 12 **Economic efficiency**

Pindyck, R. S. and Rubinfeld, D.L. 2013. Microeconomics. Eight Edition. Pearson.
CHAPTER 13 (PDF provided)

November 2014 Wed 12 **The Equi-marginal Principle and Economic Efficiency**

Readings: Varoufakis, 1998. Chapter 8

November 2014 Fri 14 **The Equi-marginal Principle and Economic Efficiency
(continuation)**

Readings: Varoufakis, 1998. Chapter 8

TAKE HOME problem set 3

November 2014 Fri 19 **The Legitimate State and Equity**

Readings: Varoufakis, 1998. Chapter 9

November 2014 Wed 21 **Economics and Ideology**

Readings: Varoufakis, 1998. Chapter 10

November 2014 Wed 26 **Economics and Critical Thinking**

Readings: Varoufakis, 1998. Chapter 12

November 2014 Fri 28 **Class Debate- Collective Decision Making**
December

December 2014 Wed 3 **Final Class-Review**

