GRANDE PRAIRIE REGIONAL COLLEGE

DEPARTMENT OF HUMANITIES AND SOCIAL SCIENCE

EC 2810 - MICROECONOMIC ANALYSIS I

COURSE OUTLINE

INSTRUCTOR: Ebby Aslani   FALL, 1992
OFFICE: C 423
CLASSES: E 305
OFFICE HOURS: Mon, Wed, Fri, 11:00 - 12:00
                or by appointment
PHONE: 539 - 2973

I.   COURSE OBJECTIVE

The course deals with microeconomic theory at an intermediate level. It has four basic goals.

1.   To expand knowledge and understanding of microeconomic tools beyond the elementary level.

2.   To enhance the understanding of the theory of the consumer, and the theories of production, cost, price, output and input determination under various market structures.

3.   To use mathematical techniques, mainly calculus, as a method of teaching microeconomic theory, in addition to the verbal and diagrammatical methods.

4.   To develop an ability to use the theory to solve theoretical problems and to apply it to "real world" phenomena.

* * I would like to emphasize that this is a course in economics, not in mathematics. While the understanding of the mathematics and its economic interpretation will be reflected in the final grades of students of this course, the student will be tested mainly on their understanding and application of microeconomic theory. This is especially true for the final examination. However, anyone who has already completed EC 1010, EC 1020 and at least MA 1130 or MA 1140, and is willing to work hard enough

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to enhance his/her economic and mathematical skills is welcome to attend this course, and can expect to complete it successfully.

Remember that, by its nature, this course is a theoretical one. Most of the class time is required to enable the students to master microeconomic tools and theory. Applications are to be found mainly in the textbooks, in assignments and in exams. The knowledge which will be acquired in this course will be useful when taking other economic courses such as industrial organization, international trade, labour economics, urban economics etc., and business courses in finance, marketing, cost accounting etc.

II.   TEXT BOOK:

Microeconomic Theory, Basic Principles and Extensions, Fifth Edition, Walter Nicolson, The Dryden Press HBJ, 1992.

Workbook, For Use with Microeconomic Theory, D.C. Stapleton, The Dryden Press HBJ, 1992.

** Also, you may find it useful to review the following texts:

Microeconomics With Calculus, B.R. Binger and E. Hoffman, Scott, Foresman & Company, 1988

Intermediate Microeconomics and Its Application, Fifth Edition, Walter Nicolson, The Dryden Press, 1990.

ADDITIONAL REFERENCES:

Microeconomics, Seventh Edition, Edwin Mansfield, W.W. Norton and Company, New York, 1991.

Microeconomics and Behaviour, R.H. Frank, McGraw-Hill, Inc. 1991.

Microeconomics, Theory & Applications, G.S. Maddala & E. Miller, McGraw Hill, Inc. 1989.

Microeconomics, D. Salvatore, Harper Collins Publishers, 1991.

Intermediate Microeconomics, Second Edition, Hal R. Varian, W.W. Norton, New York, 1990.

III.   MARK DISTRIBUTION:

Ten Assignments	(3% each)	30%
Mid-Term Exam		30%
Final Exam		40%
Total		100%

IV.   GRADE DETERMINATION:

1.   After each assignment or examination is graded, I shall calculate the average grade for the class. Usually it will be "too" high for the first assignment, then it will be low because of difficulty of the questions and/or the high standard required while grading. When this happens, I shall calculate an adjustment factor, Y, according to the formula $Y =$ ("desired" average grade) / (actual average grade), where for a normal class, the "desired" average grade will be equal to 68. Thus $Y \geq 1$. Then each individual's grade will be adjusted by multiplying the actual grade on the assignment (or examinations) by the adjusted factor, Y. This adjusted grade is registered in the class records. [If the average grade for the class is above the "desired average grade" no adjustment will take place].

2.   All adjusted grades are first recorded as percentages. After the final exam, the weighted average (.10 each assignment, .5 each multiple choice exam, .30 mid-term exam and, .40 final exam) of the percentages will be converted to the college nine-point system according to the following table:

9	= 90 - 100%		4	= 50 - 56%
8	= 80 - 89%		3	= 45 - 49%
7	= 72 - 79%		2	= 26 - 44%
6	= 65 - 71%		1	= 0 - 25%
5	= 57 - 64%			

NOTE: Except for the adjustment of the raw grades of assignments or exams, grades are not changed. Moreover, the final grades are not determined with reference to any curve. As well, at any point of time the student may find out exactly where he/she stands (compared with his/her goal).

COURSE OUTLINE:

I. <u>Introduction and Review:</u>

1.	Economic Models	Ch. 1
2.	The Mathematics of Optimization	Ch. 2

II. <u>The Theory of Consumer Behaviour:</u>

1.	Preferences and Utility	Ch. 3
2.	Utility Maximization and Choice	Ch. 4
3.	Utility Maximization: Two-Good Case	
4.	Mathematical Review: Unconstrained Maximization (Minimization), Lagrangian Method.	
5.	Utility Maximization: The n-Good Case.	
6.	Effects of Changes in Income and/or in a Good's Prices	Ch. 5
7.	Demand Relationships Among goods	Ch. 6
8.	Market Demand and Elasticity	Ch. 7

III. <u>The Gains From Trade:</u>

1.	Exchange	Ch. 8

IV. <u>Production and Supply:</u>

1.	Production function	Ch. 11
2.	Theory of Cost	Ch. 12
3.	Profit Maximization and Supply	Ch. 13

V. <u>Market Equilibrium, Perfect Competition:</u>

1.	Partial Equilibrium	Ch. 15
2.	General Equilibrium	Ch. 16
3.	The Efficiency of Perfect Competition	Ch. 17

VI. <u>Models of Imperfect Competition:</u>

1.	Models of Monopoly markets	Ch. 19
2.	Pricing in imperfect Competitive Market	Ch. 20

VII. <u>Pricing in Factor Markets:</u>

1.	Firm's Demand For Factors of Production	Ch. 22
2.	Labour Supply	Ch. 23
3.	Capital	Ch. 24

VIII. <u>Limits of the Markets:</u>

1.	Externalities and Public Goods	Ch. 25
2.	Social Choice Theory	Ch. 26

***   Due to the limited time, we may not be able to cover all of the above, but we will try.