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Phone: 514-398-2102
Office Location: LEA 526
Office Hours: TR 12:30 – 13:30
Lecture Hours: TR 16:05 – 17:25
Lecture Location: SADB M-1
Teaching Assistant: Mr Wenmei Tu (wenmei.tu@mail.mcgill.ca)
Teaching Assistant: Mr Cristian Stratica (cristian.stratica@mail.mcgill.ca)

Course Overview:

Course Restrictions:
No credit is given for this course unless both…
- ECON 230D1 is completed successfully in Fall 2018 and
- ECON 230D2 is completed successfully in Winter 2019.

Number of Credits:
6 credits for ECON 230D1 and ECON 230D2, upon successful completion of ECON 230D2.

Required Textbook and Materials:
  - The textbook can be purchased at Librairie Paragraphe Bookstore (2220 McGill College Avenue).
  - Use the instructor code lander79069 to purchase MyStatLab at:
    www.pearsonmylabandmastering.com/northamerica/mystatlab/students/get-registered/index.html
  - A copy of this textbook is on reserve at the Humanities and Social Sciences Library.

Correspondence:
All correspondence in this class will be directed through McGill email addresses only. Any email coming from any other address will be directed to spam immediately and will neither be read nor answered. If you have not activated your account already, please follow the instructions at
www.mcgill.ca/it/get-started-it/students.

1 In the event of extraordinary circumstances beyond the University’s and/or instructor’s control, the content and/or evaluation scheme in this course is subject to change. Announcements will be made in class and/or myCourses.
Course Assessment:

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>WEIGHT</th>
<th>CONTENT</th>
<th>DATE</th>
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<tbody>
<tr>
<td>Midterm 1</td>
<td>30 percent</td>
<td>Chapters 1 – 5</td>
<td>October 17</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>30 percent</td>
<td>Chapters 6 – 9</td>
<td>November 19</td>
</tr>
<tr>
<td>Final</td>
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<tr>
<td>Labs</td>
<td>00 percent</td>
<td>Chapters 1 – 10, 17</td>
<td>Weekly</td>
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</table>

- ECON 230D1 and ECON 230D2 are each worth 50 percent of the overall grade, except in the situation described on the next page (see Honours to Major Transfers). The weights listed in this table are only for the ECON 230D1 portion of the course.

Exams:
- There are two midterm exams written outside of class time (Wednesday, October 17 and Monday, November 19) and one final exam written during the final exam period. While the instructor will announce the date, time and location of the final exam, the student is ultimately responsible for ensuring the accuracy of the information.
- The midterm and final exams are identical across all sections. The final exam is cumulative (ie, it covers everything from the beginning of the course), while the midterm exams only cover material from the first and second thirds of the course, respectively (see Lecture Schedule & Assigned Readings).
- All exams consist of multiple choice questions and problem questions that may involve algebra, equations, graphing and interpretation. Students may use non-programmable calculators. Any other study aides are prohibited.
- A student who misses a midterm exam for a “valid” reason can choose to have the weight added to the final or write a deferred midterm exam in its place.
- The fall deferred exam, scheduled the first week in March 2019, is based solely on the material covered in D1. The instructor shall determine a student’s eligibility to write a fall deferred exam.
- There is no supplemental exam for D1 alone. The supplemental exam, written in August, shall count for 100 percent of the course grade and contain material from both D1 and D2.

Labs:
- There is one ungraded MyStatLab lab for each chapter covered. These labs are very similar to the more traditional, hardcopy assignments that students would submit to instructors. The purposes of the labs are (1) to reinforce material covered in class; (2) to teach material for which there is insufficient time in class; (3) to keep students on track with course learning objectives; and, (4) to provide students with immediate evaluation and feedback.
- Students can access the labs at [http://portal.mypearson.com/mypearson-login.jsp](http://portal.mypearson.com/mypearson-login.jsp) after they have purchased the access code and registered in the appropriate section. Labs have neither a deadline nor a time limit nor a limit to the number of attempts.
- Address all technical questions directly to MyStatLab ([http://247pearsoned.custhelp.com/app/ask](http://247pearsoned.custhelp.com/app/ask)) and not the instructor.
- Each lab consists of some multiple-choice, graphical, numerical and conceptual questions. Evaluation and feedback is provided immediately after submitting answers.
- Some MyStatLab questions are based on computer algorithms. This means that every time a lab is attempted, some parameters (eg, numbers, wording) of the questions may differ.
Honours to Major Transfers

- Students that enter ECON 230D1/D2 under the special provisions allowing transfer from ECON 250D1/D2 may use one of two windows. (Transfers at any other times are not permitted.)
  - Up to the end of the 7th week of the Fall semester (Friday, October 19). For students using this window their marks in ECON 250D1 will be disregarded and their Fall semester grade will be determined solely on ECON 230D1 exams and coverage as determined by the instructor (see below).
  - The January add/drop period in the Winter semester. For students transferring at that time, their grade in ECON 250D1 will count for 25 percent and the grade obtained in ECON 230D2 will count for 75 percent when computing their grades in 230D.
- Students that enter ECON 230D1 prior to October 1 are expected to write all ECON 230D1 exams, while students that enter ECON 230D1 on or after October 1 can opt to write all ECON 230D1 exams or can opt not to write the first midterm and have the weight shifted to the December final. This decision must be made prior to the first midterm exam.
- Regardless of the date of transfer, all students are expected to write the December final.

Grade Criterion:

<table>
<thead>
<tr>
<th>Letter</th>
<th>Points</th>
<th>Percent</th>
<th>Letter</th>
<th>Points</th>
<th>Percent</th>
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<tbody>
<tr>
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<td>85 – 100</td>
<td>B</td>
<td>3.0</td>
<td>70 – 74</td>
<td>C</td>
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<td>A-</td>
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<td>80 – 84</td>
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<td>75 – 79</td>
<td>C+</td>
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<td>F</td>
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<td>00 – 49</td>
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</tbody>
</table>

- The official grade in this course is the letter grade. Where appropriate, a class average appears on transcripts expressed as the letter grade most representative of the class performance.
- Students must obtain a grade of C or better in cases where this course fulfills program requirements.

Instructional Method:

I have been told that my lecture style is fast-paced and intense but engaging and humorous. Although students often find that this style makes the concepts easier to understand, they are often disappointed when they fail to perform to the level to which they are accustomed on my exams. My exams tend to reward those that are sufficiently knowledgeable of the underlying concepts and have developed an intuitive approach to the material. **Memorisation is almost never rewarded.**

To give you the best chance for success in my course, I strongly encourage you to come prepared and on time, avoid absences, participate regularly with a positive attitude, read the relevant materials before class and do the assigned homework before the subsequent class, dress appropriately and identify problems and seek help as soon as they occur.
## Lecture Schedule and Assigned Readings:

<table>
<thead>
<tr>
<th>DATE</th>
<th>EVENT</th>
<th>COVERAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 4</td>
<td>Introduction</td>
<td>Chapter 1</td>
</tr>
<tr>
<td>September 6</td>
<td>Supply and Demand</td>
<td>Chapter 2</td>
</tr>
<tr>
<td>September 11</td>
<td>Supply and Demand</td>
<td>Chapter 2</td>
</tr>
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<td>September 13</td>
<td>Supply and Demand</td>
<td>Chapter 2</td>
</tr>
<tr>
<td></td>
<td>Applying the Supply-and-Demand Model</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>September 18</td>
<td>Applying the Supply-and-Demand Model</td>
<td>Chapter 3</td>
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<tr>
<td>September 20</td>
<td>Applying the Supply-and-Demand Model</td>
<td>Chapter 3</td>
</tr>
<tr>
<td>September 25</td>
<td>Consumer Choice</td>
<td>Chapter 4</td>
</tr>
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<td>September 27</td>
<td>Consumer Choice</td>
<td>Chapter 4</td>
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<td>Chapter 4</td>
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<td>Applying Consumer Theory</td>
<td>Chapter 5</td>
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<td>October 4</td>
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<td>Chapter 5</td>
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<td>October 9</td>
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<td>Chapter 5</td>
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<tr>
<td>October 11</td>
<td>Firms and Production</td>
<td>Chapter 6</td>
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<td>October 16</td>
<td>Firms and Production</td>
<td>Chapter 6</td>
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<td>October 17</td>
<td>MIDTERM 1 (17:35 – 19:55, ENGMC 204 and MAASS 10)</td>
<td>Chapters 1 – 5</td>
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<td>October 18</td>
<td>Firms and Production</td>
<td>Chapter 6</td>
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<td>Costs</td>
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<td>Costs</td>
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<td>Costs</td>
<td>Chapter 7</td>
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<td>October 30</td>
<td>Competitive Firms and Markets</td>
<td>Chapter 8</td>
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<td>November 1</td>
<td>Competitive Firms and Markets</td>
<td>Chapter 8</td>
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<tr>
<td>November 6</td>
<td>Competitive Firms and Markets</td>
<td>Chapter 8</td>
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<tr>
<td></td>
<td>Applying the Competitive Model</td>
<td>Chapter 9</td>
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<td>Applying the Competitive Model</td>
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<td>Chapter 9</td>
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<td>November 15</td>
<td>General Equilibrium and Economic Welfare</td>
<td>Chapter 10</td>
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<td>November 19</td>
<td>MIDTERM 2 (17:35 – 19:55, ADAMS AUD)</td>
<td>Chapters 6 – 9</td>
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<td>November 20</td>
<td>General Equilibrium and Economic Welfare</td>
<td>Chapter 10</td>
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<tr>
<td>November 22</td>
<td>Uncertainty</td>
<td>Chapter 17</td>
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<td>November 27</td>
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<tr>
<td>November 29</td>
<td>Uncertainty</td>
<td>Chapter 17</td>
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</table>
Course Topics Examined:

Chapter 1
- Microeconomics is the study of the allocation of scarce resources.
- Economists use models to make testable predictions.
- Individuals, governments and firms use microeconomic models and predictions in decision making.

Chapter 2
- The quantity of a good or service that consumers demand depends on price and other factors, such as consumers’ incomes and the price of related goods.
- The quantity of a good or service that firms supply depends on price and other factors, such as the cost of inputs firms use to produce the good or service.
- The interaction between consumers’ demand and firms’ supply determines the market price and quantity of a good or service that is bought and sold.
- Changes in a factor that affect demand (such as consumers’ incomes), supply (such as a rise in the price of inputs) or a new government policy (such as a new tax) alter the market price and quantity of a good.
- Government policies may alter the equilibrium and cause the quantity supplied to differ from the quantity demanded.
- The supply-and-demand model applies only to competitive markets.

Chapter 3
- The effect of a shock (such as a new tax or an increase in the price of an input) on market equilibrium depends on the shape of supply and demand curves.
- The price elasticity of demand summarises the sensitivity of the quantity demanded.
- The price elasticity of supply summarises the sensitivity of the quantity supplied.
- How a sales tax increase affects the equilibrium price and quantity of a good and whether the tax falls more heavily on consumers or suppliers depends on the shape of the supply and demand curves.

Chapter 4
- We use three properties of preferences to predict which combinations, or bundles, of goods an individual prefers to other combinations.
- Economists summarise a consumer’s preferences using a utility function, which assigns a numerical value to each possible bundle of goods, reflecting the consumer’s relative ranking of these bundles.
- Prices, income and government restrictions limit a consumer’s ability to make purchases by determining the rate at which a consumer can trade one good for another.
- Consumers maximise their pleasure from consuming various possible bundles of goods given their income, which limits the amount of goods they can purchase.
- Experiments indicate that people sometimes deviate from rational, maximising behaviour.
Chapter 5
- We use consumer theory to derive demand curves, showing how a change in price causes a movement along a demand curve.
- We use consumer theory to determine how a demand curve shifts because of a change in income.
- A change in price has two effects on demand, one having to do with a change in relative prices and the other concerning a change in the consumer’s opportunities.
- Using an analysis of the two effects of price changes, we show that the CPI overestimates the rate of inflation.
- Using consumer theory to derive the demand curve for leisure, we can derive workers’ labour supply curves and then use them to determine how a reduction in the income tax rate affects labour supply and tax revenues.

Chapter 6
- How businesses are organised affects who makes decisions and the firm’s objective, such as whether it tries to maximise profit.
- A firm converts inputs into outputs using one of possibly many available technologies.
- In the short run, only some inputs can be varied, so the firm changes its output by adjusting its variable inputs.
- The firm has more flexibility in how it produces and how it changes its output level in the long run when all factors can be varied.
- How the ratio of output to input varies with the size of the firm is an important factor in determining the size of the firm.
- The amount of output that can be produced with a given amount of inputs varies across firms and over time.

Chapter 7
- When considering the cost of a proposed action, a good manager of a firm takes account of foregone alternative opportunities.
- To minimise its costs in the short run, a firm adjusts its variable factors (such as labour), but it cannot adjust its fixed factors (such as capital).
- In the long run, a firm adjusts all its inputs because usually all inputs are variable.
- Long-run costs is as low as or lower than short-run cost because in the long run, the firm has more flexibility, technological progress occurs and workers and managers learn from experience.
- If the firm produces several goods simultaneously, the cost of each may depend on the quantity of all the goods produced.

Chapter 8
- A competitive firm is a price taker, and as such, it faces a horizontal demand curve.
- To maximise profit, any firm must make two decisions: how much to produce and whether to produce at all.
- Variable costs determine a profit-maximising, competitive firm’s supply curve and market supply curve and, with the market demand curve, the competitive equilibrium in the short run.
- Firm supply, market supply and competitive equilibrium are different in the long run than in the short run because firms can vary inputs that were fixed in the short run.
Chapter 9
- In long-run competitive market equilibrium, profit-maximising firms break even, so firms that do not try to maximise profit lose money and leave the market.
- How much consumers are helped or harmed by a change in the equilibrium price can be measured by using information from demand curves or utility functions.
- How much producers gain or lose from a change in the equilibrium price can be measured by using information from the marginal cost curve or by measuring the change in profits.
- Competition maximises a measure of social welfare based on consumer and producer welfare.
- Government policies that shift the supply or demand curves in perfectly competitive markets harm consumers and lower welfare.
- Government policies such as taxes, price ceiling, price floors and tariffs that create a wedge between the supply and demand curves reduce the equilibrium quantity, raise the equilibrium price to consumers and lower welfare.
- Policies that limit supply (such as quotas or bans on imports) or create a wedge between supply and demand (such as tariffs) have different welfare effects when both policies reduce imports by equal amounts.

Chapter 10
- The effects of a new government policy or other shock differ if the shock affects several markets rather than just one.
- Where two people have goods but cannot produce more goods, both parties benefit from mutually agreed trades.
- The competitive equilibrium has two desirable properties: any competitive equilibrium is Pareto efficient and any Pareto-efficient allocation can be obtained using competition, given an appropriate income distribution.
- The benefits from trade continue to hold when production is introduced.
- A society uses its views about equity to choose among Pareto-efficient allocations.

Chapter 17
- Probability, expected value and variance are important concepts that are used to assess the degree of risk and the likely profit from a risky undertaking.
- Whether managers or consumers choose a risky option over a less risky alternative depends on their attitudes toward risk and on the expected payoffs of each option.
- People try to reduce their overall risk by choosing safe rather than risky options, taking actions to reduce the likelihood of bad outcomes, obtaining insurance, pooling risks by combining offsetting risks and in other ways.
- Whether people make an investment depends on the riskiness of the payoff, the expected return, attitudes toward risk, the interest rate and whether it is profitable to alter the likelihood of a good outcome.
- Because some people do not choose among risky options the way that traditional economic theory predicts, some researchers have switched to new models that incorporate psychological factors.
Language of Submission:
In accordance with McGill University’s *Charter of Students’ Rights*, students in this course have the right to submit in English or in French any written work that is to be graded.

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*.

Text-Matching Software:
As per McGill University’s *Policy on Text-Matching Software*, this course uses such software. Item 2 of the Policy states, in part, that, “Students shall also be informed in writing before the end of the drop/add period that they are free, without penalty of grade, to choose an alternative way of attesting to the authenticity of their work. Instructors shall provide students with at least two possible alternatives that are not unduly onerous and that are appropriate for the type of written work.”

If you prefer an alternative way of attesting to your work’s authenticity be used, you may choose to...
- Submit copies of multiple drafts;
- Submit photocopies of sources;
- Take an oral examination directed at issues of originality; or,
- Respond in writing to a quiz or questions directed at issues of originality.

Student Assessment Policy:
The *University Student Assessment Policy* exists to ensure fair and equitable academic assessment for all students and to protect students from excessive workloads. Students are encouraged to review this Policy, which addresses multiple aspects and methods of student assessment (e.g., the timing of evaluation due dates and weighting of final examinations).

Copyrighted Materials:
Instructor-generated course materials (e.g., handouts, notes, summaries, exam questions, etc.) are protected by law and may not be copied or distributed in any form or in any medium without explicit permission of the instructor. Note that infringements of copyright can be subject to follow up by the University under the *Code of Student Conduct and Disciplinary Procedures*.

Inclusive Learning:
While I endeavor to provide an inclusive learning environment, if you experience barriers to learning in this course, do not hesitate to discuss them with me and/or with the *Office for Students with Disabilities*.

End-of-Course Evaluations:
*End-of-Course Evaluations* are one of the ways that McGill works towards maintaining and improving the quality of courses and the student’s learning experience. You will be notified by e-mail when the evaluations are available.

Students’ Rights:
Additional policies governing academic issues that affect students can be found in the *Handbook on Student Rights and Responsibilities*. 