

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY
SAULT STE. MARIE, ONTARIO

C O U R S E O U T L I N E

Course Title:- MICROECONOMICS
Code No.:- ECN 203-3
Program:- BUSINESS (Acc't & FSM)
Semester:- THREE
Date:- 1990 09 04
Author:- Mr. J. Lucchetti

New: _____ Revision: _____ X

APPROVED: _____ Date: _____
Dean

GENERAL:

Economics is a constant part of our day-to-day lives as we engage in various activities to earn a living and enjoy life. The subject is, therefore, important to all of us.

This course will take a practical approach in introducing microeconomic theory as it applies to the contemporary economy and economic problems in Canada. The basic tools of supply and demand will be examined as to how they interact to determine prices under a variety of conditions ranging from highly competitive to monopoly industries. Other economic problems and issues will be discussed including corporate concentration, growth of government, energy policy, labour unions, income, poverty, etc.

OBJECTIVES:

1. To stress the importance of microeconomic theory and the role it plays in our daily lives.
2. To provide students with the knowledge of microeconomics in terms of the operation of markets including:
 - a) the economic roles of market in determining answers to the three basic economic questions.
 - b) the operation of supply and demand in various markets for goods, services, labour and capital; and
 - c) the degree of producer control over prices arising from various market conditions.
3. To help the student develop a better knowledge of current economic problems in Canada, possible solutions to these problems and their consequences.

METHODOLOGY:

A variety of methods will be employed to cover the course content. These may include lecture, discussions and study groups. Students will be required to read and understand the relevant chapters of the textbook and other assigned readings.

Student projects and/or other assignments will also be required.

EVALUATION AND MARKING SCHEME:

Students will be evaluated on the following basis:

| | |
|--|------------|
| -- projects, assignments, and quizzes | 20% |
| -- two tests (2x20) | 40% |
| -- final exam (semester work) | 40% |
| TOTAL | <hr/> 100% |

Dates of the tests will be announced approximately one week in advance. Quizzes may or may not be announced in advance. If a student misses a quiz, he/she will receive a zero for that quiz. No make up quizzes will be given. Consideration may be given to students who miss a quiz but who made some arrangements in advance.

If a student is not able to write a test because of illness, or a legitimate emergency, that student must contact the instructor prior to the test and provide an explanation which is acceptable to the teacher. (Medical certificates or other appropriate proof may be required.) In cases where the student has not contacted the instructor, the student will receive a mark of zero on that test and must repeat the course. THERE WILL BE NO REWRITES OF INDIVIDUAL TESTS.

Final Grade:

The final grade will be based on the following scale:

| | |
|----------------|------|
| - 90% and more | "A+" |
| - 80% to 89% | "A" |
| - 70% to 79% | "B" |
| - 60% to 69% | "C" |
| - 59% or less | "R" |

Each student must meet the following requirements in order to complete this course successfully:

1. Must complete, in a fashion acceptable to the teacher, all projects and other assignments.
3. Must write two tests and the final exam. If a student misses a test or the final exam and has not made appropriate arrangements as above, he/she will receive a marks of zero for that test/exam.
3. Must have an overall mark of 60%. This mark includes all work in the semester.

Students who are not successful in achieving the minimum mark of 60% and/or do not complete the required assignments in an acceptable fashion, as they are due, will repeat the course.

THERE WILL BE NO SUPPLEMENTARY TESTS.

RESOURCE MATERIAL:

Principal Text: Economics (Second Canadian Edition);
Blomqvist, Wonnacott, & Wonnacott
McGraw - Hill Ryerson Ltd., 1987.

(Study Guide - strongly recommended)

- Support Material:
1. Economics: A Problem Solving Approach
Elijah M. James, Prentice-Hall
Canada, Inc., 1987
 2. Current newspapers and periodicals
and other appropriate material.

NOTE:-

All assignments must be submitted to the teacher at the beginning of class on the due date. Assignments may be submitted in advance but no assignments will be accepted after the stated deadline. It is the student's responsibility to ensure the instructor gets his/her completed assignment. Questions assigned for homework must be completed promptly and be available at any time to be submitted for evaluation. They too will be collected at the beginning of class. Assignments not submitted in accordance with these requirements will be given a mark of zero.

Quizzes, tests, assignments, projects, etc. will be returned to students during one of the normal class times. Any student not present at that time must pick up his/her test, etc. at the teacher's office within three weeks after that class. Tests, etc. not picked up within the three weeks will be discarded.

Tests, etc. will be returned only to those students to whom they belong.

MICROECONOMICS

Course Outline Weekly Schedule

Subject to change, the following is the proposed weekly schedule of subjects to be included in the microeconomics course. They are not necessarily the only subjects to be taught but rather the major areas to be covered and are presented to indicate the overall, general direction of the course.

| <u>WEEK</u> | <u>SUBJECT</u> | <u>REQUIRED READINGS</u> |
|-------------|--|--------------------------|
| 1 | (Brief Review of Macroeconomics) <u>Demand and Supply: The Concept of Elasticity</u> -definition -elasticity of supply & demand -determinants of elasticity -methods of calculation -application of elasticity | Chapter 20 |
| 2 | <u>Demand</u> -individual & market demand -utility -marginal utility -consumer surplus -transactions and time costs -indifference curves | Chapter 21 |
| 3 | <u>Costs & Perfectly Competitive Supply: The Short Run & The Long Run</u> -producer decisions -law of diminishing returns -marginal costs and revenue -opportunity costs -economies of scale -definition of perfect competition -break even analysis -economies of scale -supply in the long run -gains from higher prices | Chapter 22 Chapter 23 |
| 4 | <u>Perfect Competition & Economic Efficiency</u> -two important assumptions -how the market works -types of efficiency -problems with competitive markets -speculation and the market -government's agriculture price supports | Chapter 24 |

- 10 What are the Gains From International Trade? Chapter 31
- trading partners
 - comparative advantage
 - absolute advantage
 - Trade and technological changes
 - efficiency gains
 - adverse effect on some groups
- 11 International Trade: Policy Debates Chapter 32
- tariffs - pros and cons
 - free trade
 - EEC
 - non-tariff barriers
 - Kennedy and Tokyo Rounds
- 12 Wages in a Perfectly Competitive Economy Chapter 33
- competitive labour market
 - labour demand and productivity
 - shifts in labour demand
 - supply of labour
 - the "invisible hand" in a labour mkt.
 - minimum wage
 - discrimination
- 13 Wages in Imperfectly Competitive Labour Markets Chapter 34
- collective bargaining
 - development of unions
 - types of shops
 - how unions increase efficiency
 - labour unions and market power
 - featherbedding - economic effects
 - strikes
 - public service disputes
 - wage differences: why do they exist?
- 14 Other Incomes Chapter 35
- interest - debt capital
 - normal profits
 - foreign investment
 - return to human capital
 - rent
- Income Inequality Chapter 36
- why incomes differ
 - distribution of Income
 - free market & complete equality

- poverty
- who are the poor
- government anti-poverty policies
- policies to reduce symptoms
- the welfare system
- ~~guaranteed minimum income~~
- negative income tax

Marxism and Marxist Economies

Chapter 38

- surplus value
- role of profit
- command economy of the Soviet Union
- Yugoslavia
- China

Note:

Additional required readings will be assigned as the course progresses.

THE ABOVE SCHEDULE IS SUBJECT TO CHANGE

IT WILL BE TO THE STUDENTS' ADVANTAGE TO HAVE ANY QUESTIONS, CONCERNS, OR PROBLEMS RELATED TO THIS COURSE RESOLVED AS SOON AS POSSIBLE. IF YOU REQUIRE ANY ASSISTANCE, SEE YOUR TEACHER. HE WILL BE MORE THAN HAPPY TO HELP.

ASSIGNED QUESTIONS

The following chapter questions are assigned for homework. They must be completed within one week of completing the chapter. Any or all of the assigned questions may be collected and evaluated after that time.

| CHAPTER | PROBLEMS |
|---------|------------------|
| 20 | 1, 2, 3, 5, 6, 8 |
| 21 | 2, 4, 7 |
| 22 | 1, 3, 5, 6 |
| 23 | 2 |
| 24 | 3, 5, 6 |
| 25 | 1, 2, 7 |
| 26 | 2, 3, 6, 7 |
| 27 | 1, 2, 3 |
| 28 | 2, 4, 6 |
| 29 | 4, 5 |
| 31 | 5, 6 |
| 32 | 2, 6 |
| 33 | 1, 5 |
| 34 | 5, 6 |
| 35 | 5, 7, 8 |
| 36 | 1, 3 |