

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:- ACCOUNTING & BUSINESS GENERAL

Semester:- THREE

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New: _____ Revision: X

APPROVED: 
Dean

Date: 92-05-20

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 professor prior to the test and provide an explanation which is acceptable to the professor. (Medical certificates or other appropriate proof may be required.) In cases where the student has not contacted the professor, the student will receive a mark of zero on that test.

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 professor, 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 mark 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.

RESOURCE MATERIAL:

Principal Text: Economics (Third Canadian Edition);
Blomqvist, Wonnacott, & Wonnacott
McGraw - Hill Ryerson Ltd., 1990.

(Study Guide - strongly recommended)

- Support Material:
1. Economics: A Problem Solving Approach, Second Edition;
Elijah M. James, Prentice-Hall
Canada, Inc., 1991
 2. Current newspapers and periodicals
and other appropriate material.

NOTE:-

All assignments must be submitted to the professor 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 professor 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 professor's office within three weeks after that class. Tests, etc. not picked up within the three weeks will be discarded. End of semester tests, assignments, etc. will be held for three weeks. If they have not been picked up by students within that three-week period, the tests, assignments, etc. 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 -elasticity and slop -determinants of elasticity of demand -determinants of elasticity of supply -methods of calculation -application of elasticity	Chapter 21
2	<u>Demand and Utility</u> -individual & market demand -utility -marginal utility -marginal benefit -consumer surplus -paradox of value -transactions and time costs -indifference curves <u>Business Organizations:</u> <u>Proprietorships, Partnerships, and Corporations</u>	Chapter 22 Chapter 23
3	The Cost of Production -short run and long run -law of diminishing returns -costs in the long run -economies of scale -range of constant returns -economists concepts of costs -quest for lower costs	Chapter 24

- 4 Supply in a Perfectly Competitive Market Chapter 25
- a limiting case
 - individual producer's demand
 - profit maximization
 - shutdown point
 - short-run & long-run supply
 - reallocation of resources
 - gains from higher prices
 - burden of tax
- 5 Perfect Competition and Economic Efficiency Chapter 26
- two important assumptions
 - how the market works
 - demonstrating efficiency
 - free entry and economic efficiency
 - other types of efficiency
 - problems and reservations
 - speculations & price stability
 - gov't agricultural price supports
- 6 Monopoly Chapter 27
- causes of monopolies
 - difference in demand for firms
 - prices monopolies select
 - average cost pricing
 - do firms really maximize profits?
 - government and monopolies
- 7 Markets Between Monopoly & Perfect Competition Chapter 28
- Monopolistic
 - Oligopoly
 - Duopoly
 - measuring concentration
 - barriers to entry
 - oligopoly as a price searcher
 - collusion
 - breakdown of collusion
 - the OPEC story
 - kinked demand curve
 - price leadership
 - non-price competition

- 8 Government Regulation of Business Chapter 29
- regulations
 - competition policy
 - advantages in size
 - what is unfair competition
 - Canada's competition law
 - mergers
 - de-regulation
- 9 Government Regulation to Protect Our Quality of Life Chapter 30
- measures to control pollution
 - expensive job of control
 - an internal and external cost
 - controlling pollution
 - interprovincial & international conflicts
 - consumer products & workplace
 - evaluating regulation
- 10 What are the Gains From International Trade? Chapter 33
- trading partners
 - benefits from trade
 - comparative advantage
 - absolute advantage
 - Trade and technological changes
 - efficiency gains
 - adverse effect on some groups
- 11 International Trade: Policy Debates Chapter 34
- non-economic explanations
 - economic arguments
 - tariff barriers
 - trade policy in Canada
 - GATT
 - EEC
 - Canada & U.S. Free Trade Agreement
- 12 Wages in a Perfectly Competitive Economy Chapter 35
- competitive labour market
 - labour demand and productivity
 - shifts in labour demand
 - supply of labour
 - minimum wage
 - discrimination

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
21	1, 2, 4, 6, 7
22	2, 3, 5, 8
24	1, 2, 4
25	1, 2, 4
27	1, 2, 8
28	1, 3, 6
29	1, 2, 3
30	2, 5, 6, 8
33	1, 6, 7
34	2, 5
35	1, 5
36	5, 6
37	1, 7, 11
38	2, 3
39	1