

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

COURSE TITLE: MICROECONOMICS

CODE NO.: ECN203 SEMESTER: THREE

PROGRAM: ACCOUNTING/BUSINESS

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DEAN, SCHOOL OF BUSINESS & HOSPITALITY

COURSE NAME

COURSE CODE

INTRODUCTION:

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, economics and the environment, international trade, etc.

GENERAL 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 explore the economic implications of government regulations on business and quality of life.
4. To examine the economic gains made from international trade.
5. To discuss some of the policy debates with respect to international trade and, in particular, Canada's trading with other nations.

6. To help the student develop a better knowledge of current economic problems in Canada, possible solutions to these problems and their consequences.

Major learning objectives for each chapter will be provided as the course progresses.

METHODOLOGY:

A variety of methods may be employed to cover the course content. These may include lecture, discussions and study groups, depending on the size of the class and the commitment and involvement of the students. 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:

Assignments & quizzes	15%
Project	15%
First Test	20%
Second Test	20%
Final Exam (semester work)	30%

TOTAL 100%

TESTS:

All tests will consist primarily of essay questions. Some multiple choice questions (or other objective type questions) may be used to complement and extend the test areas.

Dates of the tests will be announced approximately one week in advance. Students are required to take the tests as scheduled.

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.)

Following the student's return to the college, he/she must request, in writing, to make up for the missed test. This request will be in proper letter form and outline the reasons for requesting special considerations. Making such a request does not guarantee that the student will receive permission to make up for the missed test. The professor will consider the request, and if permission is granted, the test will be given at the end of the semester, or at some other time at the professor's convenience. This is to allow time for the student to prepare for the test without missing important work and to allow time for the professor to prepare a new test.

Such requests must be made within one week of returning to the College. In considering the request, the professor will take a number of factors into consideration. These will include, but not limited to, the student's attendance, completion of all other quizzes, tests, assignments, etc. and the likelihood of the student being successful.

In all other cases, the student will receive a mark of zero for that test.

THERE WILL BE NO REWRITES OF INDIVIDUAL TESTS.

QUIZZES:

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.

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.

THERE WILL BE NO SUPPLEMENTARY TESTS.

RESOURCE MATERIAL:

Principal Text: Microeconomics (Fourth Edition);
Blomqvist, Wonnacott, & Wonnacott
McGraw - Hill Ryerson Ltd., 1994.

(Study Guide - strongly recommended)

- Support Material:
1. Economics: A Problem Solving Approach, Third Edition;
Elijah M. James, Prentice-Hall
Canada, Inc., 1994.
 2. Current newspapers and periodicals
and other appropriate material.

ASSIGNMENTS, PROJECTS, QUESTIONS, ETC.:

All assignments, projects, questions, etc. must be submitted to the professor at the beginning of class on the due date. If no class is scheduled on the due date, students are required to deliver the assignments to the professor's office, by the designated time. 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. Materials not submitted in accordance with these requirements and where no arrangements have been made, will be given a mark of zero.

RETURN OF STUDENTS' WORK:

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. In limited circumstances, tests, etc. may be given to another student, if the student to whom they belong provides written instructions to the professor requesting that the tests, etc. be given to a particular individual.

ASSISTANCE IS ALWAYS AVAILABLE:

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 PROFESSOR. HE WILL BE MORE THAN HAPPY TO HELP.

Review classes will be held as deemed necessary by the professor. Tutorials held outside of class time may also be arranged at the mutual convenience of the students and the professor. These review classes and tutorials are not to be used as an opportunity to miss classes.

Students are urged to ask questions and participate in the class discussions. This will enable the student to clarify any issue and also to participate in and contribute to the class discussions.

Students are also encouraged to read newspapers, magazines, etc. and to tune in to the radio and television newscasts for economic and business news. This will make economics more understandable, interesting, and practical. It will provide the opportunity for the student to better apply the theory and to enhance his/her opportunity for success in this course.

PLEASE KEEP IN MIND THAT ECONOMICS IS NOT A "SPECTATOR SPORT." STUDENTS MUST DO THE REQUIRED WORK IF THEY EXPECT TO BE SUCCESSFUL

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.

Major learning objectives for each chapter will be provided as the semester progresses.

WEEK	SUBJECT	REQUIRED READINGS
1	(Brief Review of Macroeconomics) Demand and Supply: The Concept of Elasticity -definition -elasticity of supply & demand -elasticity and slope -elasticity of demand and revenue -determinants of elasticity of demand -determinants of elasticity of supply -methods of calculation -application of elasticity -other measurements of elasticity	Chapter 6
2	Demand and Utility -individual & market demand -utility -marginal utility -diminishing marginal utility -marginal benefit -consumer surplus -indifference curves -transactions and time costs -paradox of value	Chapter 7
	Business Organizations: Proprietorships, Partnerships, and Corporations	Chapter 8

(Students are responsible for doing this chapter on their own.)

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|---|---|------------|
| 3 | The Cost of Production | Chapter 9 |
| | <ul style="list-style-type: none">-short run and long run-fixed & variable costs-marginal costs-relationship between average and marginal costs-production function-law of diminishing returns-costs in the long run-economies of scale-range of constant returns-economists' concepts of costs-quest for lower costs | |
| 4 | Supply in a Perfectly Competitive Market | Chapter 10 |
| | <ul style="list-style-type: none">-a limiting case-individual producer's demand-profit maximization-shutdown point & break-even-short-run & long-run supply-economic & above normal profit-reallocation of resources-gains from higher prices-burden of tax | |
| 5 | Perfect Competition and Economic Efficiency | Chapter 11 |
| | <ul style="list-style-type: none">-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 12 |
| | <ul style="list-style-type: none">-causes of monopolies-difference in demand for firms-prices monopolies select-marginal revenue of monopolies-output and price | |

- marginal cost pricing
- average cost pricing
- do firms really maximize profits?
- is a monopoly efficient?
- government and

7 Markets Between Monopoly & Perfect Competition

Chapter 13

- Monopolistic
- Oligopoly
- Natural oligopoly
- measuring concentration
- barriers to entry
- oligopoly as a price searcher
- collusion
- breakdown of collusion
- where cartels are illegal
- the OPEC story
- duopoly pricing
- pricing
- non-price competition

8 Government Regulation of Business

Chapter 14

- regulations
- competition policy
- advantages in size
- what is unfair competition
- difficult problem of merger
- Canada's competition law
- mergers
- de-regulation

9 The Economics of Protecting the Environment

Chapter 22

- measures to control pollution
- expensive job of control
- an internal and external cost
- controlling pollution
- interprovincial & international conflicts
- subsidizing pollution control
- consumer products & workplace
- evaluating regulation
- energy and the environment
- green house effect

- 10 What are the Gains From International Trade? Chapter 19
- 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 20
- non-economic explanations
 - economic arguments
 - non-tariff barriers
 - trade policy in Canada
 - GATT
 - EEC
 - Canada & U.S. Free Trade Agreement
 - NAFTA
- 12 Wages in a Perfectly Competitive Economy Chapter 15
- competitive labour market
 - labour demand and productivity
 - shifts in labour demand
 - demand for labour & division of income
 - supply of labour
 - minimum wage
 - discrimination
- 13 Wages in Imperfectly Competitive Labour Markets Chapter 16
- benefit of collective action
 - development of unions
 - types of shops
 - job security
 - labour unions and market power
 - how unions increase efficiency
 - strikes
 - public service disputes
 - wage differences: why do they exist?

14 Other Incomes Chapter 17

- interest - debt capital
- normal profits
- foreign investment
- return on human capital
- rent

Income Inequality Chapter 18

- why incomes differ
- how much inequality & gov't action
- what is an equitable distribution
- distribution of Income
- free market & complete equality

15 Government Policies to Reduce Inequality: Can We Solve the Problem of Poverty? Chapter 24

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

Note:

Additional required readings may be assigned as the course progresses.

THE ABOVE SCHEDULE WILL BE INTERRUPTED BY TESTS AND IS SUBJECT TO CHANGE FOR OTHER REASONS.

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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
6	1,2,4,6,7
7	2,3
8	1,5
9	1,2
10	1,2,7
11	2,5
12	1,3,8
13	1,2,3,4
14	1,4,5
22	2,3,4,6
19	2,7(a)
20	1,5,6
15	4
16	1