

SAULT COLLEGE OF APPLIED ARTS & TECHNOLOGY

SAULT STE. MARIE, ONTARIO

COURSE OUTLINE

Course Title:- INTRODUCTION TO MICROECONOMICS
Code No.:- ECN 203
Program:- ACC'TING/BUS./GEN.ED.
Semester:- FOUR
Date:- 1999 01 06
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DATE: _____

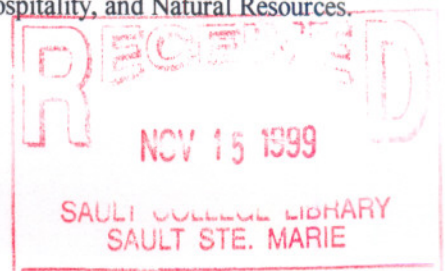
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INTRODUCTION:

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 & 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 markets 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.

GENERAL EDUCATION REQUIREMENTS

This course meets the general education criteria as follows:

Duration:

This course is three hours per week for 16 weeks.

Meeting Societal Challenges:

This course will contribute to the student becoming an informed citizen as the material will examine a number of important economic issues. Some of these issues will include supply and demand, elasticity, utility and benefit, costs of production, types of competition, efficiency, the Competition Act, gov't regulation of business, environmental issues, and international trade.

Student's personal growth will be enhanced in the following ways:

- a. Students will be encouraged to listen to the broadcast media and read newspapers, etc. for economic and business news.
- b. Students will be given opportunities to discuss current economic issues along with the theory. This will enable them to share & discuss different points of view.
- c. Assignments and discussions will help students develop skills in problem solving, decision making, and critical thinking.

Historical, Theoretical, and Contemporary:

- a. Historical Context - This course will include the development of international trade and will focus on GATT Rounds, the Auto Pact, FTA, & NAFTA. It will also examine the development of competition policy & the Competition Act.
- b. Theoretical Basis - In addition to the basic economic terms, this course will include the theories of supply and demand and their application, production costs and profit maximization, gains and losses from international trade, and international trade policy debates.
- c. Application to Contemporary Life - Current economic issues such as government regulations, economics and the environment, competition and industrial concentration, international trade, etc. Students will be required to read, listen, and watch news items to enhance this process.

Supports Continuous Learning:

Economics is not an exact science. It, therefore, does not always provide a clear and definite answer. This will help students develop critical thinking, and problem solving skills as they examine and discuss various alternatives. Communication skills will also be developed as the students examine their views related to the economic theory and contemporary issues. These skills may be used in other areas of study and in the students' daily lives.

Evaluation and Teaching Methods:

The course material may be covered in a variety of methods including reading, lectures, discussions, case studies, and group work, if appropriate.

Evaluation will include assignments, quizzes and tests. The quizzes and tests will be essay and objective type instruments.

CSAC Goals:

a. Civil Life - This course will help develop an understanding of the difficult economic issues of our time including government relations and deregulating, the environment, and international trade.

b. Personal Development - Knowledge and application of basic economic theory can assist an individual in achieving a standard of well-being and provide useful information related to economic planning. This course will also assist students in becoming more aware and understanding various events which occur nationally and internationally.

c. Social Understanding - Many of the social problems we face in Canada are economic problems. This course will focus on some of these problems and help students draw some conclusions with regard to a better understanding of these problems and possible solutions.

d. Work and the Economy - This course contains elements involving economic change, the global economy, free trade and trading blocks, economic policy, health and safety and other quality of life issues.

Broad Contexts:

This course is offered at an introductory, general level and will be of interest and benefit to all students. Whether we like it or not, all of us, regardless of occupation, income level, sex, etc., are involved in the economy. We are required to make many economic decisions, and we are affected by economic decisions of others.

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 text book and other assigned readings.

Student projects and/or assignments will also be required.

Learning Outcomes and Elements of Performance

Upon Successful completion of the course, the student should be able to:

1. Explain the concepts of elasticity of demand and the elasticity of supply, be able to calculate them and use them effectively in a business environment.

Possible Elements of Performance:

- Define demand and supply, and quantity demanded and quantity supplied.
- Explain the factors which cause demand to change and those which cause supply to change.
- Discuss the concept of elasticity of demand and the two important questions which must be answered when using the concept.
- Calculate elasticity of demand using two methods.
- Explain the relationship between elasticity of demand and the slope of the demand curve.
- Name and explain the factors which determine to elasticity of demand and the elasticity of supply.
- Discuss, using examples, the significance of elasticity in pricing decisions and in taxation.
- Explain and use other measurements of elasticity.

2. Discuss demand and utility and their importance in relation to consumption and the marketplace.

Possible Elements of Performance:

- Discuss the factors which influence consumption.
- Explain the relationship between individual and marketplace demand.

- Explain, with the use of examples, the concepts of Utility, Marginal Utility, The Law of Diminishing Marginal Utility, Marginal Benefit and the Law of Diminishing Marginal Benefit.
- Discuss consumer equilibrium and consumer surplus, their significance in the market and be able to show them on a graph.
- Discuss the Paradox of Value.
- Explain the significance of transaction and search costs and the impact of search costs on the market.
- Draw, explain and use indifference curves.

3. Discuss different types of business organizations and various financial aspects associated with these business organizations. (Students should already have knowledge of this learning outcome and need to read Chapter 8 of the textbook to refresh their memories. This topic will receive a minimal amount of class time.)

Possible Elements of Performance:

- Describe the three major types of business organizations, and the major advantages and disadvantages of each.
- Explain the ways in which a corporation can raise funds for expansion and the advantages and disadvantages of each.
- Explain the concept of leverage and how greater leverage can create risk for the corporation and the bondholders.
- Discuss the major motives of the people who buy securities and the major motives of those who issue them.
- Explain and use the various financial statements and reports produced in the operation of a small to medium sized business.
- Explain the difference between accounting profits and economic profit and be able to calculate both.

4. Calculate and plot various costs and revenues associated with the operation of a small to medium size business.

Possible Elements of Performance:

- Explain consumer sovereignty and producer sovereignty.
- Discuss short-run and long-run as applied to economics.
- Outline what impact the decisions of the past have on the short-run decisions of a firm.
- Explain average cost and marginal cost and the relationship which exists between them.

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- Define, calculate and plot fix costs, variable costs, average costs, marginal costs, and associated revenues.
 - Define Production Function, Short-run Production Function, Marginal Product and the Law of Diminishing Returns.
 - Determine levels of profits for firms in Perfect Competition, Monopolies and firms between these two extremes.
 - Outline the meaning and significance of Economies of Scale and Diseconomies of Scale.

5. Explain the various characteristics of perfect competition and determine various costs, revenues and profits for a business in a perfectly competitive market.

- Explain the demand as seen by a small business in perfect competition
- Explain how profits are maximized and be able to calculate the same.
- Determine the break-even point and the shutdown point for a business.
- Compare short-run conditions with long-run conditions.
- Discuss economic profits and normal profits.

6. Discuss perfect competition and economic efficiency.

- Explain two important assumptions which are made when discussing economic efficiency in a perfectly competitive industry.
- Discuss how a perfectly competitive market works.
- Demonstrate why and how perfect competition is efficient.
- Describe three types of efficiencies and whether or not they are achieved in perfect competition.
- Explain the limitations of the efficiency in perfect competition.
- Discuss the cobweb cycle and stabilization and destabilization.

7. Explain the reasons for monopolies, their operation in the marketplace and the government's policies to control monopolies.

- Explain the various reasons there may be a monopoly in the economy and provide examples of each.
- Discuss the market power of a monopoly and how it is able to charge higher prices while providing less to society.
- Discuss various type of economic efficiencies and monopolies.
- Explain the government policies to control monopolies.

8. Discuss the operation of competition between the two extremes of perfect competition and monopolies

- Identify the different forms of competition between monopolies and perfect competition.
- Discuss industrial concentration in Canada and the United States.
- Explain and calculate concentration ratios.
- List and explain seven barriers to entry in an oligopoly industry.
- Explain why a firm in an oligopoly industry is a price searcher.
- Discuss collusion, cartel and the breakdown of collusion.
- Explain how oligopoly firms may agree to limit competition.
- Discuss four ways a firm in an oligopoly industry may establish its price.
- Discuss whether firms really try to maximize prices and explain the factors which may help to place a ceiling on prices.
- Discuss competition in an oligopoly industry and explain the advantages and disadvantages of advertising.

9. Explain the role of government and its regulation of business in order to provide fair competition and protection to smaller business and to consumers.

- Explain four major categories of government regulations.
- Discuss competition policies and their problems.
- Outline what constitutes collusion and what is considered fair and unfair competition.
- Discuss two advantages of large firms in our economy.
- Define three types of mergers and explain which types we should be concerned about and why.
- Discuss the Competition Act and some of the major sections of the act which help provide protection of smaller business and to consumers.

10. Examine the protection of the environment from an economic point of view.

- Name some of the Acts and discuss, in general terms, government measures to control pollution.
- Outline the various methods of financing pollution control and clean up and how these costs are passed on to the public.
- Define internal and external costs as they apply to pollution and show these costs on a graph.
- Discuss the three options available to control pollution and which one is used in Canada.

- Outline the problems which may exist with subsidizing pollution control equipment.
- Explain what future problems exist with pollution and the burden of proof.
- Discuss the inter-provincial and international conflicts regarding pollution.
- Explain two reasons why recycling is beneficial.
- Discuss safety and health regulations as they pertain to consumer products and in the work place.
- Explain what problems there are with automobile congestion and discuss six possible solutions to these problems.

11. Discuss the gains and losses which result from international trade and policy debates concerning freer trade with other countries.

- Outline Canada's trading partners, the types of goods traded and the importance of international trade.
- Explain the three basic sources of gain from international trade.
- Outline the relationship between international trade and the production possibilities curve.
- Discuss the similarities and differences between international trade and technological change.
- Explain in detail, with the use of graphs, efficiency gains from exports and imports and who gains and who loses in each situation.
- Discuss economic and non-economic arguments for protection from imports.
- Discuss tariff and non-tariff barriers.
- Explain the development trade policy in Canada and its impact on the economy.
- Discuss the formation of the European Economic Community and the Kennedy and Tokyo Rounds of GATT.
- Discuss whether or not Canada should continue to be a member of the NAFTA, including possible advantages, disadvantages, and the criticisms of such trade policies.

Marks for the above outcomes will be distributed approximately equally.

Detailed learning objectives will be distributed in class for each of the units.

EVALUATION AND MARKING SCHEME:

Students will be evaluated on the following basis:

Quizzes 20%

Project or Assignments 15%

First Test 20%

Second Test 20%

Final Exam (semester work) 25%

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 be held at any time and in some cases may be without prior notice. 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: Blomqvist, Wonnacott, & Wonnacott,
Microeconomics, 4th Edition
McGraw - Hill Ryerson Ltd., 1994.

- Support Material: 1. Elijah M. James, Economics: A Problem Solving Approach,
3rd Edition; Prentice-Hall Canada, Inc., 1997.
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 and as time will permit. 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.

It is your professor's intention to create and maintain an environment that is conducive to the students' academic learning and growth. Please refer to the document, Student Rights and Responsibilities.

