

University of Waterloo
Department of Economics
Economics 101 – Introduction to Microeconomics – Section 001
Spring 2011

Instructor: Nafeez Fatima

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Office Hours: Thursdays and Fridays from 1.00 pm to 3.15 pm

(Other times by appointment only)

Lecture Hours: Mondays and Wednesdays from 10.00 am to 11.20 am in DC 1351

Course Objectives:

Microeconomics is the study of economic behavior of individual consumers and firms and the distribution of total production and income among them. It involves the determination of price through the optimizing behavior of economic agents, with consumers maximizing utility and firms maximizing profit. The general concern of microeconomics is the efficient allocation of scarce resources among alternative uses.

Topics covered in this course include the theory of supply and demand, competitive and mixed market structures, consumer behavior and the role of government in the market economy.

The focus of this course is to introduce students to the basic principles/theories of microeconomics. Real life examples will be provided to facilitate understanding of these theories. After completion of this course the students will be able think critically and apply these theories to various economic problems such as the issue of minimum wage, environmental regulations and price controls.

Required Textbook:

Parkin, Michael, and Robin Bade, *Microeconomics: Canada in the Global Environment*, 7th Edition, Addison Wesley Publishers Limited, 2010.

My EconLab and study guide that accompany this textbook are optional.

Resources:

Course related materials including lecture notes are posted on UW-ACE under:

1115 ECON 101: Intro to Microeconomics

It is highly recommended that students attend the lectures and read the textbook. Lecture notes are provided as a supplement to the text book.

The lecture notes and the content (including the room location) of the exams will be announced in class and on UW- Ace. Students are responsible for visiting this site frequently. One copy of the textbook will be placed on reserves in the Dana Porter library.

Additional Help:

There is a tutorial service (Economic Clinic) offered by Department of Economics to assist students with core courses in Economics: Econ 101, Econ 102, Econ 201, Econ 202 and Econ 211. For time and location for the clinic visit the undergraduate webpage of Department of Economics:

<http://www.economics.uwaterloo.ca/undergraduate.html>

Course Evaluation:

Student evaluation for this course consists of two in-class midterm exams and a final exam. The exams will include all multiple choices questions. The rooms assigned for the midterm exams will be announced later in class and on UW-Ace. Final exam will be comprehensive; it will include all materials covered during the term. The final exam date will be announced by the Registrar's Office. The final exam period for Spring 2011 term is from August 2 to August 13. Final Examination Schedule will be available around June 8, 2011. Students are expected to be available during this time. An alternative final exam time is not allowed on the ground of travel plans. See the following webpage for details: <http://www.registrar.uwaterloo.ca/exams/finalexams.html>

The exam schedule is:

Exams	Time and Date	Chapters	Weight
Midterm 1	Friday, May 20 from 4.30 pm to 6.00 pm	Chapters 1, 2, 3 & 4	20%
Midterm 2	Friday, June 17 from 4.30 pm to 6.00 pm	Chapters 8, 9, 10 & 11	30%
Final	To be announced	Comprehensive	50%

Policy for Missed Exams:

No make-up midterm exam will be provided for this course. Students who do not have a relevant medical certificate will receive a mark of zero on any missed exam and their final grade will be assigned in accordance with the formula specified above. For students who have valid medical certificate (approved by the instructor), the weight of the missed exam will be transferred to the final exam. No deferred final exam will be provided for student who missed all the exams (including the final exam) in this course. Students are advised to notify the instructor in person about the missed exam as soon as they are better. E-mail notification about the missed exam is not accepted. For policy regarding missed final exam, visit the following webpage:

<http://www.economics.uwaterloo.ca/DeferredExams.html>

Grades:

Exam marks will be posted on UW-ACE. Posting grades in public places or sending grades by e-mail are prohibited by university regulations.

Topics Covered:

Chapter 1: What is Economics?

- (1).Wants and scarcity
- (2).Microeconomics & macroeconomics
- (3).Positive and normative economics
- (4).Choices and tradeoffs
- (5).Appendix - Graphs in economics

Chapter 2: The Economic Problem

- (1).Opportunity cost and production possibility curve
- (2).Absolute and comparative advantage
- (3).Gains from trade & economic growth

Chapter 3: Demand and Supply

- (1).Law of demand & demand curve, change in quantity demanded and change in demand, law of supply and supply curve, change in quantity supplied and change in supply
- (2).Equilibrium price and quantity
- (3).Shift of the demand curve and shift of the supply curve
- (4). Predicting changes in price and quantity

Chapter 4: Elasticity

- (1).Price elasticity of demand and price elasticity of supply
- (2).Relationship between price elasticity of demand and total revenue
- (3).Income elasticity of demand and cross elasticity of demand
- (4).The factors that influence the elasticity of demand and elasticity of supply

Chapter 6: Government Actions in Markets

- (1).Surpluses and shortages, price ceilings & price floor
- (2).Taxes and quotas

Chapter 8: Utility and Demand

- (1). Total utility and marginal utility
- (2). Marginal utility theory and predictions of marginal utility theory
- (2). Paradox of value

Chapter 9: Possibilities, Preferences, and Choices

- (1). Preferences and indifference curve
- (2). Budget schedule and budget line
- (3). Deriving an individual's demand curve & predicting consumer choices
- (4). Work-leisure choices

Chapter 10: Organizing Production

- (1). Explicit and implicit cost
- (2). Accounting profit vs. economic profit
- (3). Technological and economic efficiency
- (4). Markets and the competitive environment

Chapter 11: Output and Costs

- (1). Laws of production - short run and long run
- (2). Product curves (total product curve, marginal product curve and average product curve)
- (3). Short run cost curves
- (4). Long run cost curves

Chapter 12: Perfect Competition

- (1). Characteristics of perfect competition
- (2). Profit maximizing condition for short run and long run
- (3). Break-even point and shut down point
- (4). Entry and exit

Chapter 5: Efficiency and Equity

- (1). Demand and marginal benefit
- (2). Supply and marginal cost
- (3). Efficiency of competitive market

Chapter 13: Monopoly

- (1).Characteristics of monopoly market and monopoly's output and price decision
- (2).Natural monopoly
- (3).Price discrimination
- (4).Comparing price and output between monopoly and perfect competition

Chapter 14: Monopolistic Competition

- (1).Characteristics of monopolistic competition
- (2).Price and output in monopolistic competition

Chapter 15: Oligopoly

- (1).What is oligopoly?
- (2).The kinked demand curve
- (3).Dominant firm oligopoly
- (4).Oligopoly games

Additional Topics:

Chapter 18: Markets of Factors of Production

- (1).The demand for a factor of production
- (2).The value of marginal product & demand curve for labor
- (3).Competitive labor market

Tentative Class Schedule and Reading List:

Week	Date	Lecture topics and related readings
Week 1	May 2	What is Economics? (Ch.1)
Week 1	May 4	The Economic Problem(Ch.2)
Week 2	May 9	Demand and Supply (Ch.3)
Week 2	May 11	Demand and Supply (Ch.3)
Week 3	May 16	Elasticity (Ch.4)
Week 3	May 18	Elasticity (Ch.4) & Review
Week 3	May 20	Midterm 1 (Chapters 1, 2, 3 & 4)
Week 4	May 23	Victoria day (No class)
Week 4	May 25	Utility and Demand (Ch.8)
Week 5	May 30	Utility and Demand (Ch.8)
Week 5	June 1	Possibilities, Preferences and Choices (Ch. 9)
Week 6	June 6	Possibilities, Preferences and Choices (Ch.9)
Week 6	June 8	Organizing Production (Ch.10)
Week 7	June 13	Output and Costs (Ch.11)
Week 7	June 15	Output and Costs (Ch.11) & Review
Week 7	June 17	Midterm 2 (Chapters, 8, 9, 10 & 11)
Week 8	June 20	Perfect Competition (Ch.12)
Week 8	June 22	Perfect Competition (Ch.12)

Tentative Class Schedule and Reading List (cont.):

Week 9	June 27	Efficiency & Equity (Ch.5)
Week 9	June 29	Monopoly (Ch.13)
Week 10	July 4	Monopoly (Ch.13)
Week 10	July 6	Monopolistic Competition (Ch.14)
Week 11	July 11	Monopolistic Competition (Ch.14)
Week 11	July 13	Oligopoly (Ch.15)
Week 12	July 18	Oligopoly (Ch.15)
Week 12	July 20	Government Actions in Markets (Ch.6)
Week 13	July 25	Review Class for Final Exam

****This class schedule is tentative. There may be addition or slight modification in this schedule given the pace of the class**.**

Notes:

Although it is not mandatory, attendance is highly recommended. Some of the materials covered in the class will not be included in the lecture notes so it is strongly advised that students attend classes regularly. Student participation in class is also highly encouraged. Since, the course contents are technical in nature; a person to person communication is preferred to answer questions. Students are welcome to ask any questions during the regular office hours. Regarding e-mail communication, students should use the university e-mail address. **When sending an e-mail, write Econ 101 on the subject line and include your name, student ID number and the section number.**

Notes on Avoidance of Academic Offences:

Academic Integrity: In order to maintain a culture of academic integrity, members of the University of Waterloo community are expected to promote honesty, trust, fairness, respect and responsibility.

Grievance: A student who believes that a decision affecting some aspect of his/her university life has been unfair or unreasonable may have grounds for initiating a grievance. Read Policy 70 – Student Petitions and Grievances, Section 4, <http://www.adm.uwaterloo.ca/infosec/Policies/policy70.htm>

Discipline: A student is expected to know what constitutes academic integrity, to avoid committing academic offenses, and to take responsibility for his/her actions. A student who is unsure whether an action constitutes an offense, or who needs help in learning how to avoid offenses (e.g., plagiarism, cheating) or about “rules” for group work/collaboration should seek guidance from the course professor, academic advisor, or the Undergraduate Associate Dean. When misconduct has been found to have occurred, disciplinary penalties will be imposed under Policy 71 – Student Discipline. For information on categories of offenses and types of penalties, students should refer to Policy 71 – Student Discipline, <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm>

Appeals: A student may appeal the finding and/or penalty in a decision made under Policy 70 – Student Petitions and Grievances (other than regarding a petition) or Policy 71 – Student Discipline if a ground for an appeal can be established. Read Policy 72 – Student Appeals, <http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm>

Note for students with disabilities. The Office for Persons with Disabilities (OPD), located in NH1132, collaborates with all academic departments to arrange appropriate accommodations for students with disabilities without compromising the academic integrity of the curriculum. If you require academic accommodations to lessen the impact of your disability, please register with the OPD at the beginning of each academic term.