

**University of Waterloo**  
**Department of Economics**  
**ECON 101-007**  
**Introduction to Microeconomics**  
**Fall 2014**  
**TTH 1:00 – 2:20, STP 105**

**Instructor Information**

Instructor: Wokia Kumase

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Office Phone: 519 888 4567 ext. 37073

Office Hours: M 12:00 – 2:00pm or by appointment

Email: wkumase@uwaterloo.ca

**NOTE:**

- When sending email, “Econ 101” must appear in the subject line and the message must include your full name and student ID number.
- Please use emails for administrative matters only. I will be available during office hours, or by appointment, to discuss course material.

Where to find this course outline:

This course outline is available at two locations for the duration of the term:

- Department of Economics website <http://economics.uwaterloo.ca/courses>
- LEARN web site (requires UW userid and password) <http://learn.uwaterloo.ca>

**Course Description**

This course is an introduction to microeconomic analysis relevant for understanding the Canadian economy. The behaviour of individual consumers and producers, the determination of market prices for commodities and resources, and the role of government policy in the functioning of the market system are the main topics covered.

**Course Goals and Learning Outcomes**

The goal will be to provide students with a thorough understanding of the fundamental principles of economics that apply to the functions of individual decision makers (consumers and firms) within the economic system. To achieve this goal, emphasis will be placed on resolving the economic problem of allocation, distribution and coordination as well as the role of government in promoting greater efficiency and equity in the economy. At the end, students should be able to understand how scarce factors of production are allocated to different firms, how the produced goods and services are distributed to consumers and whether a coordination of the production and consumption plan is required so that supply meets demand.

**Upon completion of this course, students should be able to:**

**A. Define economics**

- Distinguish between micro and macro economics
- Explain how economist operate as social scientist and policy advisers
- Define the production possibility frontier and opportunity cost
- Explain how specialization and trade expand production possibilities

**B. Explain demand and supply**

- Explain how demand and supply determine prices and quantities bought and sold
- Use the demand and supply model to make predictions about changes in prices and quantities

Define and calculate elasticity, as well as explain the factors that influence the elasticity of demand and supply

**C. Distinguish between efficiency and equity**

- Explain consumer and producer surplus
- Explain the conditions under which markets are efficient and inefficient
- Explain fairness and evaluate claims that markets result in unfair outcomes

**D. Assess the impact of government actions in markets**

- Explain the effects of rent ceilings and minimum wages
- Measure the impact of taxes, quota and subsidies

**E. Explain marginal utility theory of consumer choice**

- Explain the limits to consumption and describe preferences using the concept of utility
- Describe a budget line and indifference curves

**F. How production is organized**

- Distinguish between technological efficiency and economic efficiency
- Define and explain the principal–agent problem
- Explain a firms output and cost in the short and long run using cost curves

**G. Explain different market structures and corresponding equilibrium outcomes**

- Define perfect competition and explain how a firm makes its output decision
- Explain how a single-price monopoly determines its output and price
- Explain how price discrimination increases profit
- Explain how a firm in monopolistic competition determines its price and output in the short run and the long run
- Use game theory to explain how price and output are determined in oligopoly

## Required Text

- Parkin, Michael and Robin Bade (2012). Microeconomics: Canada in the Global Environment, 8th edition. Pearson Education Canada. Available from UW BookStore.

Optional: Accompanying Study Guide and MyEconLab

## Notes from the Book Store

The UW Book Store has the following editions of the same textbook package (buy only one):

- Option 1: Microeconomics (Paperback) Textbook, Study Guide and MyEconLab (\$149.95 + GST)
- Option 2: Microeconomics (Looseleaf) Binder Ready Textbook, Study Guide and MyEconLab (\$97.95 + GST).

Students who will be taking both ECON 101 and 102 (this term or in a subsequent term) may want to get the *combined* "Economics: Canada in the Global Environment" which has both Microeconomics (ECON 101) and Macroeconomics (ECON 102). In that case, the UW Book Store also has the following editions of the same text package (buy only one):

ECON 101 and 102

- Option 3: Economics (Hardcover) Textbook, Study Guide and MyEconLab (\$198.95 + GST),
- Option 4: Economics (Loose leaf) Binder Ready Textbook, Study Guide and MyEconLab (\$149.95 + GST).

In any case, buy only one of the four options above. The textbook is packaged with a free access code to MyEconLab (including e-textbook), and a free printed study guide. If you would like to purchase MyEconLab separately (with or without the e-textbook), please contact the UW Book Store.

## Readings Available on LEARN

- Lecture overhead slides and/or additional course materials will be posted on the LEARN web site <http://learn.uwaterloo.ca> (3768 ECON 101 Fall 2014)
- The LEARN site is down occasionally. Save the course materials to your computer as soon as they are posted. Always be prepared!
- Students writing test and exams are responsible to save course materials on LEARN before the access to their courses is shut off (normally on the first day of classes of the next term).

## Course Requirements and Assessment

Exams will consist of multiple-choice questions, and perhaps short-answer questions.

The date and time for the final exam will be set by the Registrar during the exam period and announced in class and on LEARN. Students are expected to be available during the exam period to write the final exam. Travel plans are not an acceptable reason for requesting an alternative final exam. See <http://www.registrar.uwaterloo.ca/exams/finalexams.html> for details.

Examinations in this course are based on the material contained in the assigned textbook readings and presented as lecture contents (which are strong complements, not substitutes).

Midterm 1	Friday Oct 03, 4:30-6:00 pm	25%
Midterm 2	Friday Oct 31, 4:30-6:00 pm	25%
Final exam (comprehensive)	TBA (between Dec 4 -19)	50%

## Notes

- The format for both midterms and the final exam will be multiple-choice questions.
- The midterm test will be written outside of class time.
- Midterm marks will be posted on LEARN.
- To pass this course, you must pass the final exam.
- The final exam period for the Fall Term 2014 is Dec 4 -19 inclusive. Students are expected to be available during this time. Travel plans are not acceptable grounds for granting an alternative final examination time. <http://uwaterloo.ca/registrar/final-examinations/examination-regulations-and-related-matters>
- The exact date and time for the final exam for this class will be determined by the Registrar's Office. The exam schedule is posted online, will be announced in class, and posted on LEARN.
- Only the Registrar's Office can issue final grades.
- Students are encouraged to discuss their questions or problems about the course and course materials with me in person during office hours . Group consultations are welcomed.
- I do not respond to emails asking questions on material taught in class. I am more than happy to spend time explaining and clarifying concepts during office hours or by appointment.
- Use email for administrative concerns only. I will be available during office hours to discuss course material, or by appointment in case students cannot attend them.

## Course Outline

<b>I.</b>	<b>Introduction to Economics</b> Chapter 1: What is Economics? Chapter 2: The Economic Problem	<b>Weeks 1</b>
	<b>Markets</b> Chapter 3: Demand and Supply Chapter 4: Elasticity	<b>Weeks 2 - 3</b>
<b>II.</b>	<b>Markets and Government Action</b> Chapter 5: Efficiency and Equity Chapter 6: Government Actions in Markets	<b>Weeks 4 - 5</b>
	<b>Consumer Theory</b> Chapter 8: Utility and Demand Chapter 9: Possibilities, Preferences, and Choices	<b>Weeks 6 - 7</b>

### **III. Producer Theory**

**Weeks 8 - 9**

Chapter 10: Organizing Production

Chapter 11: Output and Costs

### **Market Structures and Equilibrium Outcomes**

**Weeks 10 - 12**

Chapter 12: Perfect Competition

Chapter 13: Monopoly

Chapter 14: Monopolistic Competition

Chapter 15: Oligopoly

## **Examination Policy**

### *Missing a Midterm Due to Illness During the Term*

- Missing a midterm will automatically result in a grade of zero for that midterm. If the illness can be documented with a UW Verification of Illness Form (the only acceptable document), with approval you may transfer the weight of the missed midterm to the final exam. This remedy is a privilege and not a right.
- The midterm exam schedule has been set and will not be changed for whatever reason.

### *Missing the Final Exam Due to Illness*

- Missing the final exam is a very serious matter which automatically results in a grade of zero for the final exam and possibly a failing grade for the course. Please carefully read the Economics Department policy on deferred final exams for instructions.
- No deferred final exam will be provided for students who missed all the exams (including the final exam) in this course.

### *Submission of Exam Papers*

- Late submission of exam papers is not accepted and missed submissions will receive a zero mark for whatever reason.
- Exam papers must be submitted in whole and on time in the exam room. Exam papers  
(a) not submitted on time,  
(b) submitted with missing pages,  
(c) submitted elsewhere, with the exception of students with permission to write in the AS Office,  
(d) not received at all  
will receive a grade of zero for whatever reason.
- It is the responsibility of students to ensure that they write exams in the location, date, and time assigned to their sections. Students writing exams in the wrong section are considered not writing exams at all and will receive a zero mark.

### **Fee-Arranged Issues**

- Students are responsible for administrative matters concerning their course registration including fee arrangements with the Registrar's Office. No make-up work or other remedies will be given for loss of access to LEARN and academic consequences arising from administrative issues with the Registrar's Office.

### **Late Work Policy**

n/a

### **Information on Plagiarism Detection**

n/a

### **Electronic Device Policy**

- Turn off all cell phone communication devices and put them away for the duration of the lecture.
- Photographic devices are not permitted in class; this is a University regulation.
- In order to maintain a learning environment in this classroom, I expect the highest level of courtesy and professional behaviour from every student.

### **Attendance Policy**

- Class attendance is an integral part of your educational experience. While attendance is not a graded component of this course, it is an important component in ensuring your complete understanding of the material presented. You are responsible for all material presented in the scheduled lecture periods whether you choose to attend lectures or not.

### **Classroom Protocols**

- I do NOT lend my lecture notes to students for any reason.
- In order to maintain a learning environment in this classroom, I expect the highest level of courtesy and professional behaviour from every student. In particular, be punctual and turn off all audible ringers on all devices during class.
- As a courtesy to others, no eating in class please. If you have coffee, water, etc., please dispose of your garbage when you leave the classroom.
- No private conversations in class will be tolerated.

## **Institutional-required statements for undergraduate course outlines approved by Senate Undergraduate Council, April 14, 2009**

### **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. See the [UWaterloo Academic Integrity Webpage \(https://uwaterloo.ca/academic-integrity/\)](https://uwaterloo.ca/academic-integrity/) and the [Arts Academic Integrity Office Webpage \(http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility\)](http://arts.uwaterloo.ca/current-undergraduates/academic-responsibility) for more information.

### **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 \(https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70\)](https://uwaterloo.ca/secretariat/policies-procedures-guidelines/policy-70). When in doubt please be certain to contact the department's administrative assistant who will provide further assistance.

### **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. For information on categories of offenses and types of penalties, students should refer to [Policy 71, Student Discipline \(http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy71.htm). For typical penalties check [Guidelines for the Assessment of Penalties \(http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm\)](http://www.adm.uwaterloo.ca/infosec/guidelines/penaltyguidelines.htm).

### **Appeals**

A decision made or penalty imposed under Policy 70, Student Petitions and Grievances (other than a petition) or Policy 71, Student Discipline may be appealed if there is a ground. A student who believes he/she has a ground for an appeal should refer to [Policy 72, Student Appeals \(http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm\)](http://www.adm.uwaterloo.ca/infosec/Policies/policy72.htm).

### **Note for Students with Disabilities**

The Office for Persons with Disabilities (OPD), located in Needles Hall, Room 1132, 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.