

UNIVERSITY OF WATERLOO
Department of Economics
Economics 101 - 001 - Introduction to Microeconomics
Time:10:00 -11:20 a.m. T Th
Location: DC 1351

NO LECTURE on MARCH 15

E. Lau

Winter 2011

Course Objectives and Overview

The objective of this course is to help the students to understand the basic principles of microeconomics and to enable the students to appreciate economics in our daily life. Students should note that Econ 101 is primarily a theory course, but ample applications of the theoretical model will be sampled. Economics is concerned with choices that must be made because all resources are scarce. The fundamental economic problem is to allocate labour and physical resources to various types of production and leisure activities in the most desirable way. To this end, economics focuses on the supply of goods (production) and the demand for goods (for consumption), and examines whether goods are produced and distributed in an efficient manner. Below is a complete list of topics to be covered in this course.

Text

Parkin and Bade, Microeconomics, 7th edition, (Addison Wesley). Supplements to the texts are optional.

Examinations

All examinations in the course are multiple choice .

Term tests LOCATION: TBA

A)	2 mid-term tests to be written	
	January 21 Friday 4:30- 5:30 (rooms will be announced in class)	20%
	February18 Friday 4:30 -5:30 (rooms will be announced in class)	20%
B)	On Line and In-class Assignments and quizzes	5%
C)	Final Examination (covers all material)	<u>55%</u>
	<u>Total</u>	<u>100%</u>

Policy on Missed Tests:

There are no deferred or make-up term tests. If you miss a test **due to illness**, please remit *valid medical documentation*, indicating clearly which course and which exam that you missed .The medical document should be **delivered in person to my office in HH 217 for approval as soon as you are better**. **E-mail notice about missed term test is not accepted**. **Once approved**, you may then shift the weight of the test to the final exam. Personal reasons for missing tests such as family events, mishaps with alarm clock or car not starting etc will not be accepted. In case of mishaps, you are still better off to show up late for your test than not showing up at all. Students unable to submit a relevant medical certificate promptly will receive a definitive mark of ZERO in that missed test.

Policy on Grade Posting :

Marks will be posted intermittently *in the classroom*. We regret that **marks cannot be posted in public or sent out to individuals via e-mail or by phone**. You forfeit your right to view your grade if you ignore or miss our regular in-class postings. However, you can still check your own grade using your exam receipt to match the answer key posted on our course UWACE.

Consultation

1. E. Lau encourages person-to person communication. **Drop-In Office hours are every Tuesday and Thursday 1:30PM - 2:30 PM , every Wednesday 10 -11:00 AM, plus pre test tutorials hours (time and location to be announced).** Appointments are not needed during drop in office hours. **Other times can be arranged by appointments.** My office is located in Room 217, Hagey Hall.
2. Important announcements, additional course information, course notes, T.A. office hours can be accessed through the UW-ACE course web page.
3. You are expected to attend classes regularly. If you choose to miss a class, we expect you to accept the opportunity cost (illness excepted).
4. **Appointments are not needed during my regular posted office hours. For urgent cases only, please send email with Econ 101 as subject to elau@uwaterloo.ca. If you have questions about your course materials, you are welcome to see me or the TA in person . Due to limited resources, please note that we do not respond to individual study question via e-mails . Again, please be assured that you are most welcome to see me during my office hours or by appointments if you have any questions about the course. Visits to my office , in groups or individually, are always encouraged and appreciated.**

Lecture Topics and Readings

Please note that lectures are based on selected topics in your readings. Exams normally cover all lecture materials and include your assigned readings below, with emphasis on lectures .

- I. Scarcity and Choice, Text, Ch. 1, 2
 1. Wants and scarcity
 2. Normative and positive economics
 3. Opportunity cost
 4. Production possibility curve
 5. Absolute and comparative advantage
- II. Demand and Supply: The Market, Text, Ch. 3, 6 (Chapter 5 will be covered AFTER Module VIII)
 1. Shifts of the demand curve
 2. Shifts of the supply curve
 3. Equilibrium price and quantity
 4. Markets in action
- III. Demand and Supply Elasticity, Text, Ch. 4
 1. Price elasticity of demand
 2. Price elasticity of supply
 3. Income and cross elasticities
- IV Markets in Action, Text, Ch 6, (Chapter 7 will be covered AFTER Module VIII)
 1. Surpluses and shortages; price ceiling, price floor
 2. Unit taxes
 3. Government actions in Markets
 4. Global Markets in Action

5. Consumer Surplus and Producer Surplus (NOT surpluses and shortages!)

January 21 Friday Test #1 4:30PM to 5:30PM - TBA location
General Inclusion - Chapters 1, 2, 3, 4(p. 86-89), chapter 6 (p.130-137) – more specific information will be provided on UW ACE at least a week before the term test.

- V. Theory of Demand - Consumer Behavior, Text, Ch. 8, 9
1. Marginal utility rule, Ch.8
 2. Indifference curve/budget analysis, Ch.9
 3. Deriving an individual's demand curve, Ch.9
- VI. Organizing Production, Text, Ch.10 (Independent Reading)
1. Implicit and explicit costs
 2. Economic profit
 3. Market types
- VII. Output and Cost Theory , Text, Ch. 11
1. Laws of Production - short run and long run
 2. The short run
 - i) Variable and fixed costs
 - ii) Diminishing returns
 - iii) Short run cost curves - total cost, average cost, marginal cost
 3. Long run average cost curves
 - i) Economies of scale
 - ii) Diseconomies of scale

February 18 Friday Test #2 (rooms to be announced in class)
General Inclusion- Chapters 5, 7 , 8, 9 , 10 (p.228--229), 11. More specific information will be provided on UWACE at least a week before your second term test.

- VIII. Perfect Competition and Economic Efficiency, Text, Ch. 12, Ch.5, 7.
1. Assumption
 2. Profit maximizing output
 3. Shut down point
 4. Entry and exit
 5. The achievement of efficiency - Ch. 5 (p 114)
 6. Free Trade vs Tariffs Chapter 7
- IX. Monopoly, Text, Ch. 13
1. Characteristics
 2. Natural monopoly
 3. Theory of monopoly
 4. Price discrimination
 5. Allocative inefficiency
- X. Markets Between Monopoly and Perfect Competition,- Monopolistic Competition, Text, Ch. 14
1. Monopolistic competition

XI. Oligopoly , Text ,CH 15

X. Optional Topics, Text, Ch. 16, 18

III.1 Externalities

III.2 Factor markets

III.3 Economic Inequality

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 (**including writing examinations in a section that you are not registered in**), 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> .

For information on categories of offences and types of penalties, students are directed to consult the summary of Policy #71 (Student Academic Discipline) which is supplied in the Undergraduate Calendar (section 1; on the Web at <http://www.adm.uwaterloo.ca/infosec/Policies/policy71.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.

Final Exam Period The final exam period for Fall Term 2010 is from December 9 to December 23 . Students are expected to be available during this time. Travel plans are not acceptable grounds for granting an alternative final examination time. (See <http://www.registrar.uwaterloo.ca/exams/finalexams.html>)

Department Grade Revision Policy A grade in any ECON course may not be changed if 12 or more months have elapsed since the grade was awarded.

Deferred Final Economics Exam Normally, a student who has been ill (documentation required), or due to unforeseeable situations and missed the scheduled final exam must e-mail your course professor immediately. The student **MUST** complete the petition form and submit it along with medical notes etc. to your course professor to request to write the Departmental Deferred Examination within 48 hours. If the student has failed to write the Departmental Deferred Examination after approval has been granted, the student will automatically receive a grade of 0% for the missed deferred final examination. Please download and fill out the **Special Deferred Exam Request Form** and attach the supporting documentation before submitting to the Instructor for departmental approval.

Due to illness or other matter on the day of the exam (and not that you are unprepared), you are given the deferred privilege. We do not expect students to be cramming course materials just a few days before the final examination. Please be ready to write the deferred exam on short notice.

[Final Deferred Exam Request Form](#)