

## **ECONOMICS 103 (A07-A17)**

### **Principles of Microeconomics**

**Fall 2011,**

**CRN 17463-17470 and 17472-17474**

Dr. Malcolm Rutherford

BEC 340

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Office Hours:

Tuesday 1:30-2:30 and Wednesday 11:30-12:30

or by appointment

#### **COURSE OBJECTIVES:**

This course covers the basic *principles* of microeconomic analysis. Microeconomics consists of theories of the decision making of economic agents (consumers and producers) and their interaction through markets. The objectives and constraints that direct the decision making of economic agents will be examined in some detail. The outcome of their interaction will depend on the nature of the market. Markets may be competitive or characterized by some form of imperfect competition or monopoly. Markets may also be subject to various types of market failure, and are affected by government interventions and regulations. The concept of economic efficiency provides a basis for the appraisal of market performance and of government intervention.

Although this course focuses on the general principles of microeconomic analysis, applications of these principles to issues of current importance will be pointed out wherever possible.

The course has three distinct components. The first is the lectures that deal with the material primarily in a conceptual and abstract fashion. The second is the Study Guide that goes through the material using simplified arithmetic examples and questions as well as self test exercises and multiple-choice questions. The third is the labs that provide applications of theory to real world issues, practice exercises including diagrams, and reviews prior to exams. Mid-term exams are also returned in the labs.

The course web page (see below) provides links to a number of economics blogs and columns that discuss current issues, and to a number of recent popular books on economics.

## MATERIALS AND RESOURCES:

**Textbook (required):** Paul Krugman, Robin Wells and Anthony Myatt, *Microeconomics*, Canadian Edition (Worth).

**Study Guide (required):** The text book will come packaged with a study guide. It is *strongly* recommended that students work through the study guide as the course progresses. An outline of the most important material to cover in the study guide is provided. Working through the guide will give you practice in the types of questions asked on exams and will significantly enhance your exam performance and your course grade.

**Textbook Web Site:** The text book publisher also provides an excellent web site at <http://bcs.worthpublishers.com/krugmanwellsmicro/>

**Course Web Page:** The course web page contains the course outline, copies of the lecture overheads (which you can download and print out), and links to other sites dealing with materials covered in class or of related interest. Please be aware that the lecture overheads are **not** an adequate substitute for attending class. Answers to mid-term exams and exam grades will also be posted on this page: <http://web.uvic.ca/~rutherfo/econ103.html>

**Labs:** Lab sections are linked to specific lecture sections. Labs are one hour per week and are staffed by graduate student TAs. Labs will be designed to promote discussion and understanding of key concepts with applications to real world issues. They will also provide practice in graphing. Labs in the weeks prior to exams will be reviews for the exam. Labs carry a grade of 10% of the final grade and will be marked on attendance and participation. **Material for the labs will be posted on the Moodle site for Econ 103:** <http://moodle.uvic.ca/>. Please view the Moodle orientation video to get started: <http://elearning.uvic.ca/moodle/students/orientation-video>

**Help Centre:** In addition to the three hours of lecture classes each week, the lab, and the instructor's office hours, there is a help centre for Econ 103 students staffed by graduate student TAs. The centre is in BEC 341. Hours will be announced and posted on the course web page at the beginning of term.

*Students must be sure to clarify problems and difficulties as they arise as the course moves along at a fast pace and each part builds on what went before. If you have any questions arising out of the lectures, text book, or in working through the study guide go to the help centre for advice. If you still have a problem then contact me. Please make full use of the Help Centre. Ask questions, make use of your labs, my office hours, and the Help Centre—do not be afraid to ask for help!*

**Cancelled Lectures:** Due to my conference commitments there will be no lectures on Sept 9<sup>th</sup> or November 16<sup>th</sup>.

**COURSE OUTLINE:**

**Lecture Topics and Reading** (Subject to adjustment)

**Part I: Basic Concepts and Models**

Basic Concepts: Chapters 1 and 7 (pp. 170-183)

Some Basic Models: Chapter 2 (including appendix)

**Part II: Demand, Supply, and Elasticity**

Demand, Supply, and Markets: Chapter 3

Elasticity: Chapter 5

**Part III: Markets and Efficiency**

Markets and Efficiency: Chapter 6 (up to p.160)

Applications: Market Regulations and Sales Taxes: Chapters 4 and 6 (pp. 161-166)

(First mid term will cover Parts I to III)

**Part IV: Demand**

The Theory of Demand: Chapters 10 and 11

**Part V: Production and Cost**

The Theory of Production and Cost: Chapter 8

**Part VI: Perfect Competition**

Perfect Competition: Chapter 9

**Part VII: Monopoly**

Monopoly: Chapter 14

(Second mid term will cover parts IV to VII)

**Part VIII: Monopolistic Competition and Oligopoly**

Monopolistic Competition: Chapter 16

Oligopoly: Chapter 15

**Part IX: Factor Markets**

Labour Markets: Chapter 12

**Part X: Market Failures**

Externalities, Public Goods and Open Access Resources: Chapters 19 and 20

**EVALUATION:**

Labs = 10%

Mid-term #1 (50 minutes) = 25%

Mid-term #2 (50 minutes) = 25%

Final Exam (2 hours) = 40%

The final exam is comprehensive.

**Mid Term Exam Schedule**

Mid Term #1: Oct 14th (Friday)

Mid Term #2: Nov 18th (Friday)

Exams will be a combination of multiple choice questions and questions requiring numerical calculation and/or diagrams and written explanations. The written questions will be similar in nature to those covered in the study guide and in the labs. The relationship between calculated course percentage marks and letter grades is as follows:

A+ (90-100)

A (85-89)

A- (80-84)

B+ (75-79)

B (70-74)

B- (65 -69)

C+ (60-64)

C (55-59)

D (50-54)

F (0-49)

Mid-term exams will be returned via the labs and help centre. Grades and answer keys will be posted on the course web site.

No E grades will be given. Deferred exams will be given only on the basis of documented illness or family affliction, and for no other reasons. The documentation must provide specific detail to be acceptable. *Do not book flights out of Victoria for Christmas that leave before the end of exam period.* Deferred final exams will be scheduled *only* at a single time in late January.

**Plagiarism and Cheating:** The standards and reputation of a university are the shared responsibility of its faculty and student body. Students are expected to observe the same standards of scholarly integrity as their academic and professional counterparts. Plagiarism and cheating are considered to be a most serious breach of academic integrity and shall be dealt with as such by the Department of Economics.

*The University of Victoria is committed to promoting, providing and protecting a positive and safe learning and working environment for all of its members.*

For a complete list of Department policies with respect to undergraduate courses see [http://web.uvic.ca/econ/undergraduate/course\\_policies.php](http://web.uvic.ca/econ/undergraduate/course_policies.php)

## Economics 103, A07-A17, Fall 2011

**Dr. Malcolm Rutherford**

### Lab and Study Guide Schedule

#### 1. Lab Schedule

There are NO labs in the first two weeks of term and NO labs reading break week. The labs held the week of mid terms and the last lab of the term will focus on exam preparation. Other labs will involve discussion and exercises involving application of economic principles to real world topics of interest. If you have a Friday lab on the day of an exam you may join another lab section for that week.

Labs count for 10% of the course grade. Marks are based on both attendance and participation.

Week 1*	Sept 7-9	<b>No Labs</b>
Week 2	Sept 12-16	<b>No Labs</b>
Week 3	Sept 19-23	Lab—scarcity, cost, and incentives
Week 4	Sept 26-30	Lab—demand, supply, and markets
Week 5	Oct 3-7	Lab—elasticity and efficiency
Week 6	Oct 10-14	Lab—mid-term #1 preparation (exam on the 14 <sup>th</sup> )
Week 7	Oct 17-21	Lab—applications of the material covered so far
Week 8	Oct 24-28	Lab—mid-term #1 return, and demand theory
Week 9	Oct 31-Nov 4	Lab—production, cost, and perfect competition
Week 10	Nov 7-11	<b>No Labs—reading break</b>
Week 11**	Nov 14-18	Lab—mid-term #2 preparation (exam on the 18 <sup>th</sup> )
Week 12	Nov 21-25	Lab—monopoly and imperfect competition
Week 13	Nov 28-Dec 2	Lab—mid-term #2 return and final exam preparation

\* I will be away at a conference the first week of classes. Nick Karlson, our senior lab instructor, will meet with you on Sept 7<sup>th</sup> to hand out the course outlines, and provide information on the course and on the labs. There will be no lecture on Sept 9<sup>th</sup>.

\*\* I will be away at a conference the 16<sup>th</sup>-18<sup>th</sup> of November. The lecture on the 16<sup>th</sup> is cancelled. Your second mid term will be held on the 18<sup>th</sup> with Nick Karlson as chief invigilator.

## 2. Study Guide Schedule

Each Study Guide chapter has three parts—(1) a review of the chapter with fill in the blank questions, (2) multiple choice questions, and (3) a section of problems and exercises. *For all chapters listed students should complete the first two parts and at least the problem questions explicitly listed below.* The more of the study guide you do the better you will do on exams.

Week 1	Sept 7-9	-----
Week 2	Sept 12-16	Ch 1, problem 1
Week 3	Sept 19-23	Ch 2, problems 1 and 3, (also Ch 2 Appendix on Graphing)
Week 4	Sept 26-31	Ch 3, problems 1, 3 and 11
Week 5	Oct 3-7	Ch 5, problems 2 and 4, and Ch 4 problems 2 and 3
Week 6	Oct 10-14	Ch 6 problem 2 and review for exam
Week 7	Oct 17-21	Ch 10, problems 2 and 5 (note: error in answer to 5b)
Week 8	Oct 24-28	Ch 11, problems 2 and 5
Week 9	Oct 31-Nov 4	Ch 8, problems 1 and 2
Week 10	Nov 7-11	Ch 9, problems 1 and 4 (reading break week—review course so far)
Week 11	Nov 14-18	Ch 14, problems 1 and 3, and review for exam
Week 12	Nov 21-25	Ch 16, problems 1 and 5, Ch 15, problems 2 and 5
Week 13	Nov 28-Dec 2	Ch 12, problem 1, Ch 19, problems 2 and 7

*If you have problems in doing any of the study guide questions please go to the help centre for assistance or come and see me during my office hours.*