

I. COURSE DESCRIPTION

A. Department Information:
Division: Business and Information Technology
Department: Economics
Course ID: ECON 201
Course Title: Principles of Microeconomics
Units: 3
Lecture: 3 hours
Laboratory: None
Prerequisite: None

B. Catalog and Schedule Description:
Introduction to microeconomic theory, including international economics, economic development, and comparative economics systems with special emphasis on microeconomic problems.

II. NUMBER OF TIMES COURSE MAY BE TAKEN FOR CREDIT: One

III. EXPECTED OUTCOMES FOR STUDENTS

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

- A. analyze a given event or policy with respect to its impact of the market place.
- B. construct supply and demand diagrams to illustrate the application of partial equilibrium analysis to understand and predict the impact of new circumstances which effect the behavior of economic agents.
- C. establish contrasts between the competitive firm and the monopolistic (price-searching) firm.
- D. solve average cost, marginal cost, average revenue, and marginal revenue curves from numerical information presented for the following types of business firms (evaluating the profit-maximizing price and output decisions in each case): pure competition, monopoly, oligopoly and monopolistic competition.
- E. derive information on comparative advantage from tabular information on production possibilities for two countries and two goods. Evaluate standard arguments both for and against free trade/protectionism.
- F. formulate and interpret the assumptions which are made in modeling optimization problems such as in the case of indifference curve and isoquant analyses.

IV. CONTENT

- A. Basic Concepts
 - 1. Introduction
 - 2. How to Read Graphs
 - 3. Basic Problems of Economics Organization
 - 4. Problems of Economics Organization
 - 5. The Technological Choices Open to Any Society
 - 6. Price Functioning in a Mixed Economy
 - 7. A Market's Solution to the Basic Economic Problems
 - 8. The Economic Role of Government
 - 9. Capital, Division of Labor, and Money
 - 10. The Bare Elements of Supply and Demand
- B. Microeconomics: Theory of the Firm
 - 1. Elasticity of Demand and Supply
 - 2. Applications of Supply and Demand Cases on Supply and Demand
 - 3. The Theory of Demand and Utility
 - 4. Geometrical Analysis of Consumer Equilibrium
 - 5. Business Organization and Income
 - 6. Big, Small, and Infinitesimal Business

San Bernardino Valley College
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7. The Corporation
8. Elements of Accounting
9. Analysis of Costs
10. Competitive Supply
11. Economics of Uncertainty: Speculation, Risk and Insurance
12. Imperfect Competition: Monopoly and Regulation
13. Sources and Patterns of Imperfect Competition
14. Maximum-Profit Monopoly Equilibrium
15. Monopoly: Its Social Costs and Regulation
16. Imperfect Competition and Antitrust Policy
17. Patterns of Imperfect Competition
18. Life in the Boardroom
19. Antitrust Theory and Policy
20. Economic Warfare and Game Theory
- C. Wages, Rent, and Profits: the Distribution of Income
 1. Incomes and Living Standards
 2. Inequality of Incomes and Wealth
 3. Sources of Inequality
 4. Theory of Production and Marginal Products Production Theory and Firm Decisions
 5. Pricing of Factor Inputs: Rents on Land and Other Resources
 6. Wages, Salaries, and the Labor Market
 7. Wage Determination under Perfect Competition
 8. Discrimination by Race and Sex
 9. Labor Unions and Collective Bargaining
 10. The American Labor Movement
 11. Imperfections of the Labor Market and Collective Bargaining
 12. Interest, Profits, and Capital
 13. Theoretical Aspects of Interest and the Return to Capital
- D. Equity, Efficiency, and Government
 1. General Equilibrium of Markets
 2. Review of Commodity and Factor Pricing: General Equilibrium and Ideal Pricing
 3. Economic Role of Government: Public Choice and Externalities
 4. The Growth and Functions of Government
 5. Public Choice
 6. Public Choice: The Case of External Effects
 7. Economic Role of Government: Expenditure and Taxation
 8. Government Expenditures
 9. Economic Aspects of Taxation
- E. Comparative Economic Systems and International Trade
 1. Comparative Economic Systems
 2. Evolution of Doctrine
 3. Marxism and Alternative Economic Systems
 4. The Economics of Developing Countries
 5. Population and Economic Conditions
 6. The Process of Economic Development
 7. International Trade and the Theory of Comparative Advantage
 8. The Principle of Comparative Advantage
 9. The Balance of International Payments Comparative Advantage Amplified and Qualified
 10. Protective Tariffs, Quotas, and Free Trade
 11. Exchange Rates and the International Financial System
 12. Mechanisms of Foreign Exchange and Trade
 13. Macroeconomics of Open Economies
 14. Breakdown and Reconstruction of the International System

V. METHODS OF INSTRUCTION

- A. Class Discussion
- B. Lecture
- C. Handouts

VI. TYPICAL ASSIGNMENTS

- A. Reading and Writing
Read *Microsoft on Trial*, and write a brief response to the issues presented in the article. (No more than one page.) Use a graph to support the argument that monopoly creates an inefficient allocation of resources.
- B. Problem Solving and Performance
Given a table containing information on different combinations of bottled water and soft drinks for which Susan has the same level of utility, do the following:
 - 1. Draws Susan's indifference curve.
 - 2. Calculate the Marginal Rate of Substitution of soft drinks for bottled water. Relate the marginal rate of substitution to the concept of marginal utility

VII. EVALUATION(S)

- A. Methods of Evaluation
 - 1. Homework
 - 2. Class participation
 - 3. Objective quizzes and examinations
Sample examination question
 - a. Suppose that because of a new disease that attacks coffee plants, far more labor and other inputs are required to raise a pound of coffee than before. How might that effect the efficient allocation of resources between tea and coffee? Why? How would the prices of coffee and tea react in a free market?
 - b. Draw an isoquant indicating different combinations of capital and labor to produce automobiles. Indicate the impact of an increase in wages, on the graph and discuss how the technology mix would change.
- B. Frequency of Evaluation
 - 1. Weekly homework assignments
 - 2. Two mid term examinations
 - 3. Final examination

VIII. TYPICAL TEXT(S)

Ayer, Ronald M. and Collinge, Robert A. Microeconomics: Explore and Apply. New York, NY: Prentice-Hall, 2004.

Miller, Roger L. Microeconomics Today, 12th ed. New York, NY: Addison-Wesley, 2004

Makiw, Gregory. Principles of Microeconomics, 3rd ed. New York, NY: Dryden Press, 2003.

IX. OTHER SUPPLIES REQUIRED FOR STUDENTS: Calculator