

ECON-2000: PRINCIPLES OF MICROECONOMICS

Cuyahoga Community College

Viewing: ECON-2000 : Principles of Microeconomics

Board of Trustees:

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Academic Term:

Fall 2022

Subject Code

ECON - Economics

Course Number:

2000

Title:

Principles of Microeconomics

Catalog Description:

This course uses the basic tools of microeconomics to study the economic decisions of households and business firms in a market based economic system with some government involvement.

Credit Hour(s):

3

Lecture Hour(s):

3

Requisites

Prerequisite and Corequisite

Eligibility for enrollment in 1000 level Mathematics course. This includes co-enrollment in a co-requisite pairing of MATH-0930 Essential Skills for Algebraic & Quantitative Reasoning and MATH-1190 Algebraic & Quantitative Reasoning or co-enrollment in a co-requisite pairing of MATH-0940 Essential Skills for Contemporary Mathematics and MATH-1240 Contemporary Mathematics; or completion of MATH-0955 Beginning Algebra I, or qualified Math placement.

Outcomes

Course Outcome(s):

Analyze the functioning of a market-based economy as a consumer, employee, or producer.

Objective(s):

1. Discuss the fundamental terms and the basic models used in a market-based economic system.
2. Explain the concept of economic scarcity.
3. Differentiate between the positive concept of the efficient allocation of limited resources using marginal benefit, marginal cost, and the normative concept of fairness.
4. Apply the production possibilities model to the concept of opportunity cost.
5. Examine the principle of comparative advantage to show how specialization and trade increase consumption.
6. Analyze the law of demand and the law of supply.
7. Describe the basic rationing function of price, using the concepts of demand and supply, including concepts of surplus, shortage, and market equilibrium.
8. Evaluate the difference between changes in price and non-price determinants of demand and supply.
9. Analyze the impact on price and quantity from changes in demand and supply.
10. Evaluate an efficient market equilibrium using the concepts of consumer surplus and producer surplus.
11. Measure the concept of a deadweight loss.

Course Outcome(s):

Analyze the economic decision making of households and business firms.

Essential Learning Outcome Mapping:

Quantitative Reasoning: Analyze problems, including real-world scenarios, through the application of mathematical and numerical concepts and skills, including the interpretation of data, tables, charts, or graphs.

Objective(s):

1. Measure the impact that the income effect and substitution effect have on consumer decisions.
2. Recognize how consumers make rational choices in the classical model of diminishing marginal utility versus some basic ideas from behavioral economics.
3. Calculate the elasticity of demand and evaluate the relationship between elasticity and total revenue.
4. Recognize the factors affecting price elasticity of demand, income elasticity, cross-price elasticity, and elasticity of supply.
5. Examine both a production function, and the impact of diminishing marginal product on short run economic costs.
6. Explain the basic economic costs terms used in production theory, including short run fixed costs, short run variable costs, and long run variable costs.
7. Apply the concepts of marginal revenue and marginal cost to determine profit maximization.
8. Evaluate the firm's supply curve under conditions perfect competition.
9. Compare price and output in perfect competition versus imperfect competition (i.e. monopolistic competition, oligopoly, monopoly) in both the short run and the long run.
10. Evaluate the impact of barriers to entry and imperfect competition relative to efficiency and deadweight loss.

Course Outcome(s):

Evaluate the impact of government actions and public policies using the basic tools of microeconomics.

Objective(s):

1. Evaluate the role of government in market failure, including the concepts of asymmetric information, market structure, and externalities.
2. Analyze the impact of a specific tax on a good using the concepts of tax incidence and elasticity.
3. Analyze the impact of government price controls, including price ceilings, price floors, tariffs, and quotas.
4. Apply microeconomic theory to current issues and policy concerns.

Methods of Evaluation:

1. Examinations: objective and short essay
2. Homework
3. Quizzes
4. Classroom exercises
5. Reports on outside reading
6. Current events discussion
7. Computer simulations
8. Projects
9. Other as instructor deems desirable

Course Content Outline:

1. The nature and methods of economics
 - a. Economic logic
 - b. Scarcity, unlimited wants and rational behavior
 - c. The language of economists
2. Tools of economic analysis
 - a. Marginal and graphical analysis
 - b. Abstraction and model building
3. The economizing problem
 - a. Production possibilities model
 - b. Comparative advantage
 - c. Economic systems of organization
4. The market model
 - a. Demand and supply
 - b. Surplus, shortage, and equilibrium
 - c. Changes in demand and supply

- d. Efficiency of markets
- e. Market failure and government interference
- 5. Introduction to consumer and producer surplus
 - a. Efficiency
 - b. Deadweight loss
 - c. Price Ceiling
 - d. Price floor
- 6. The circular flow model
 - a. Determining what, how and for whom
 - b. Two main sectors: businesses and households
 - c. Two main markets: product market and resource (factor) market
- 7. Pure capitalism (market system) and the command system (central planning)
 - a. Private property vs. public ownership
 - b. Competition vs. central planning
 - c. Freedoms of enterprise and choice
 - d. Self-interest and profit-the invisible hand
- 8. The role of government in a mixed economy
 - a. Economic functions
 - b. Government finance
- 9. Elasticity
 - a. Price elasticity of demand and supply
 - b. Measuring elasticity using the midpoint approach
 - c. Impact on total revenue and marginal revenue
 - d. Tax incidence
- 10. Cross elasticity of demand
 - a. Substitutes
 - b. Complements
- 11. Income elasticity of demand
 - a. inferior goods
 - b. normal goods
 - c. necessities and luxuries
- 12. Price floors and ceilings
 - a. Minimum wages, price supports
 - b. Rent controls
- 13. Law of demand
 - a. Consumer theory, diminishing marginal utility and consumer equilibrium (maximizing utility)
 - b. Income effect (real income)
 - c. Substitution effect (relative price)
- 14. Law of supply
 - a. Economic costs
 - b. Short-run costs (fixed and variable) and diminishing marginal returns
 - c. Long-run costs and economies and diseconomies of scale
- 15. Economic Profit motive (profit maximization)
 - a. Total Revenue/total cost approach
 - b. Marginal revenue/marginal cost approach
- 16. Perfect (pure) competition
 - a. Characteristics
 - b. Price and output
 - c. Profit rectangle
 - d. Loss minimization
 - e. Shut down case
 - f. Efficiency
- 17. Monopoly
 - a. Characteristics
 - b. Price and output
 - c. Profit rectangle
 - d. Price discrimination
 - e. Efficiency
- 18. Monopolistic competition

- a. Characteristics
 - b. Price and output
 - c. Profit rectangle
 - d. Efficiency
19. Oligopoly
- a. Characteristics
 - b. Price and output
 - c. Game theory
 - d. Efficiency
20. Government and market failures
- a. Demand and supply for public goods
 - b. Externalities
 - c. Information failures
21. Comparative Advantage in International trade
- a. Absolute advantage
 - b. Comparative Advantage
 - c. Gains from free trade vs. autarky
 - d. Deadweight loss from a tariff
 - e. Deadweight loss from non-tariff barriers such as quotas
22. Marginal productivity theory of resource (labor) demand
- a. Marginal Revenue Product (MRP)
 - b. Wage and quantity demanded of labor

Resources

Hubbard R. Glenn, and Anthony Patrick O'Brien. *Microeconomics*. 8th ed. Pearson, 2021.

McConnell, Campbell R., Stanley L. Brue and Sean M. Flynn. *Microeconomics: Principles, Problems, and Policies*. 21st ed. McGraw Hill, 2018.

"Wall Street Journal"

Boyes, William and Michael Melvin . *Microeconomics*. 10th ed. Boston: Cengage, 2016.

Timothy Taylor. *Microeconomics*. 2nd ed. OpenStax, 2018.

Arnold, Roger. *Microeconomics*. 13th ed. Cengage, 2019.

Mankiw, N. Gregory. *Principles of Economics*. 9th ed. Cengage, 2021.

Coppack, Lee and Dirk Mateer. *Principles of Economics*. 3rd ed. WW Norton, 2021 .

Asarta, Carlos and Ray Butters. *Principles of Microeconomics*. McGraw Hill, 2016.

Hubbard, Glenn and O'Brien, Anthony. *Economics*. 8th ed. Pearson, 2021 .

Asarta, Carlos and Butters, Ray. *Principles of Economics*. 3rd ed. McGraw Hill, 2022.

Instructional Services

OAN Number:

Ohio Transfer 36 TMSBS and Transfer Assurance Guide OSS004

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