

CUYAMACA COLLEGE
COURSE OUTLINE OF RECORD

ECONOMICS 121 – PRINCIPLES OF MICROECONOMICS

3 hours lecture, 3 units

Catalog Description

Principles of economic analysis and decision-making from the viewpoint of the individual consumer, worker, and firm. Focuses on the price system allocation of resources and income, supply and demand analysis, the structure of American industry, and applications to current economic policy and problems. Includes some use of graphs and elementary algebra.

Prerequisite

None

Entrance Skills

Without the following skills, competencies and/or knowledge, students entering this course will be highly unlikely to succeed:

- 1) Work with, understand, and use algebraic terminology.
- 2) Write the equation of a line given a graph, two points, or a point and a slope.
- 3) Graph the equation of a line and a quadratic.
- 4) Solve equations and inequalities using the basic operations on complex numbers and statements including absolute value.
- 5) Translate sigma notation and write out sum of terms.
- 6) Recognize an arithmetic sequence.
- 7) Recognize a geometric sequence.
- 8) Simplify radical expressions using the basic operations.
- 9) Simplify and evaluate expressions involving integer exponents and rational exponents.
- 10) Use scientific notation.

Course Content

- 1) Fundamentals of economic thinking
- 2) How markets operate
- 3) Elasticity of demand and supply
- 4) Price controls, taxes and their effects on markets
- 5) Production costs
- 6) Market structure
- 7) Market failure and public policy
- 8) Factor markets
- 9) International trade and finance

Course Objectives

Students will be able to:

- 1) Using basic economic principles, identify the consequences of scarcity, and explain how changes in opportunity cost affect behavior.
- 2) Using the model of supply and demand, describe how the interaction of supply and demand in a market determines market price and quantity, illustrate how markets react to excess demand and supply, and illustrate how price floors, price ceilings and taxes affect market outcomes.

- 3) Using formulas introduced in class, compute the price elasticity of demand, cross elasticity of demand, income elasticity of demand, and the price elasticity of supply; explain the relationship between elastic, inelastic and unit elastic demand and total revenue.
- 4) Using formulas developed in class/textbook, distinguish between implicit and explicit costs, accounting and economic profit, and between the short-run and the long-run in order to compute and graph the following: marginal product; average product, marginal cost, average fixed, average variable and average total cost.
- 5) Using models developed in class/textbook, compare and contrast pricing and output behavior of firms in perfect competition, monopoly, monopolistic competition and oligopoly, then evaluate how and why government intervenes to change the structure and behavior of firms in monopolistic and imperfectly competitive markets.
- 6) Using basic economic input market models, compare and contrast how wages are set in the following markets: competitive labor market, monopoly labor market, monopsony and bilateral monopoly; differentiate between rent, interest and profits as incomes determined in markets.
- 7) Using opportunity cost data, explain comparative advantage and how it affects trade.
- 8) Using economic principles developed in class/textbook, explain how international trade transactions work and explain how and why nations restrict trade.

Method of Evaluation

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Graphing exercises that measure students' ability to use the fundamental principles of economics to illustrate how the economy responds to changes in real world conditions. For example, students will use production possibilities curves to illustrate scarcity and opportunity cost; use in supply and demand curves to determine market prices; use cost and revenue curves to determine profit maximizing level of production and to compare and contrast the various market structures; or use input markets curves to illustrate how wages are determined in competitive, monopoly and monopsony labor markets.
- 2) Homework assignments using mathematical functions introduced in class to calculate various economic variables. For example, students will calculate price elasticity of demand to determine whether demand is inelastic or elastic, or calculate total revenue and total cost to determine a firm's profit.
- 3) Objective and essay exams and quizzes that measure students' ability to apply economic principles discussed in class. For example, students will identify the consequences of scarcity, explain how changes in opportunity cost affect behavior, understand the interaction of supply and demand in a market, link total revenue to price elasticity of demand, distinguish between the four basic market structures, identify the reasons for government intervention in markets, or explain the basis for international trade.
- 4) Short papers that demonstrate students' ability to compare and contrast pricing and output behavior of firms in perfect competition, monopoly, monopolistic competition, and oligopoly. For example, students will use business magazines to research pricing and output decisions of major companies.

Special Materials Required of Student

None

Minimum Instructional Facilities

Smart classroom

Method of Instruction

- 1) Lecture and discussion
- 2) Preview of assignments, review of completed assignments
- 3) Problems for discussion and response

Out-Of-Class Assignments

- 1) Homework assignments using mathematical functions introduced in class to calculate various economic variables. For example, students will calculate price elasticity of demand to determine whether demand is inelastic or elastic, or calculate total revenue and total cost to determine a firm's profit.
- 2) Short papers that demonstrate students' ability to compare and contrast pricing and output behavior of firms in perfect competition, monopoly, monopolistic competition, and oligopoly. For example, students will use business magazines to research pricing and output decisions of major companies.

Texts and References

- 1) Required (representative example): Mateer/Coppock, Principles of Microeconomics, 4th edition, W. W. Norton, 2023.
- 2) Supplemental: None

Exit Skills

Students having successfully completed this course exit with the following skills, competencies, and/or knowledge:

- 1) Use basic economic principles to identify the consequences of scarcity, and explain how changes in opportunity cost affect behavior.
- 2) Use supply and demand to describe how the market determines market price and quantity, illustrate how markets react to changes in demand and supply, and illustrate how price floors, price ceilings and taxes affect market outcomes.
- 3) Compute the price elasticity of demand, cross elasticity of demand, income elasticity of demand, and the price elasticity of supply; explain the relationship between elastic, inelastic and unit elastic demand and total revenue.
- 4) Distinguish between implicit and explicit costs, accounting and economic profit, and between the short-run and the long-run in order to compute and graph the following: marginal product, average product, marginal cost, average fixed, average variable and average total cost.
- 5) Compare and contrast pricing and output behavior of firms in perfect competition, monopoly, monopolistic competition and oligopoly, then evaluate how and why government intervenes to change the structure and behavior of firms in monopolistic and imperfectly competitive markets.
- 6) Compare and contrast how wages are set in the following markets: competitive labor market, monopoly labor market, monopsony and bilateral monopoly; differentiate between rent, interest and profits as incomes determined in markets.
- 7) Explain comparative advantage and how it affects trade.
- 8) Explain how international trade transactions work and how and why nations restrict trade.

Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1) Use the framework of supply, demand, consumers' surplus, or producers' surplus to show how changes in economic variables affect market outcomes.
- 2) Use marginal analysis to make resource allocation decisions from both consumers' and producers' perspectives.
- 3) Identify and explain the role of comparative advantage in facilitating economic transactions.
- 4) Compare different market settings (e.g. perfect competition and monopoly) on the basis of whether they reach productive and allocative efficiency.