

Revised: Fall 2016

ECO 202

Principles of Microeconomics

COURSE OUTLINE

Prerequisites: None

Course Description:

Introduces the basic concepts of microeconomics. Explores the free market concepts with coverage of economic models and graphs, scarcity and choices, supply and demand, elasticities, marginal benefits and costs, profits, production and distribution.

This course focuses on basic economic principles with particular emphasis on microeconomics theory and problems. It covers graphs, supply, demand, the price system, resource allocation, distribution of income, socioeconomic problems, international trade, economic development, and comparative economic systems. Students should be able to understand and apply the economic way of thinking to a wide variety of current micro economic issues.

Semester Credits: 3 Lecture Hours: 3

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ECO 202: Principles of Microeconomics

Course Outcomes:

At the completion of this course, the student should be able to:

- Explain the economic concepts of supply, demand, and market equilibrium.
- Explain the meaning of elastic, inelastic, and unitary elastic demand.
- Explain consumer decisions using graphs.
- Define economic cost and explain the difference between implicit and explicit cost.
- Distinguish between basic market models.
- Describe the effects of different market structures on the price of a product, the quantity of a product produced, and the allocation of an economy's resources.
- Explain oligopolistic behavior.
- Explain the role of government in the development of economic systems.
- Apply the concepts of public goods and externalities to appropriate economic situations.
- Differentiate between microeconomics and macroeconomics.
- Apply economic reasoning to understand effects of economy related forces on the daily lives of people.

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ECO 202: Principles of Microeconomics

Required Materials:

1. Textbook
2. Internet access
3. Blackboard

Textbook:

Colander, David. *Microeconomics*. New York: McGraw-Hill/Irwin, 10th ed., 2017.
ISBN: 9781259998461

If an OER ECO 202 section, the following course materials will be used:

Taylor, Timothy: *Microeconomics*, OpenStax College, 2014. ISBN: 978-1-938168-24-6.

The following supplementary materials are available: None

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Topical Description:

- What is economics
 - Scarcity and choice
- Economic reasoning
 - Marginal costs and benefits
 - Opportunity Costs
- Production possibilities curve
 - Increasing costs
 - Comparative advantage
- Trade
 - Markets specialization and growth
 - Outsourcing and Offshoring
- Economic Institutions
 - US historical perspective
 - How markets work
 - Capitalism and socialism
 - Market sectors
 - Global institutions
- Supply and Demand
 - Supply
 - Movement along vs. shift in supply curve
 - Demand
 - Movement along vs. shift in demand curve
 - Interaction of supply and demand
 - Equilibrium
- Supply and demand applications
 - Foreign exchange
 - Price Ceilings
 - Price Floors
 - Third party markets
- Economic reasoning
 - Nature of economic models
 - Rationality

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- Behavioral economics
 - Types of models
- Elasticity
 - Price elasticity
 - Calculating elasticity
 - Elasticity vs. slope
 - Substitution
 - Total revenue
 - Income elasticity
 - Cross elasticity
 - Applications
- Taxation and government intervention
 - Producer and consumer surplus
 - Burden of taxation
 - Rent seeking
- International trade
 - Patterns of trade
 - Comparative advantage
 - Trade restrictions
 - Reasons for trade restrictions
 - Why economists general oppose
 - Institutions
- Choice
 - Utility theory
 - Marginal utility
 - Rational choice and maximization
 - Balancing margins and optimization
 - Relation to laws of supply and demand
 - Applications
- Game theory
 - Introduction
 - Prisoner's dilemma
 - Dominant strategy
 - Game theory and behavioral economics
- Production and cost analysis
 - Role of the firm
 - Production process
 - Long run and short run
 - Cost of production
 - Graphing cost curves
 - Marginal productivity and marginal costs
 - Long run
 - Economies of scale
 - Entrepreneurial activity



- Applications
- Perfect completion
 - Profit maximization and level of output
 - Short run equilibria
 - Long run equilibrium
 - Why pure competition is viewed as an ideal
- Monopoly
 - Causes
 - Monopoly model
 - Monopoly and profits and output
 - Welfare loss
 - Price discrimination
 - Government and monopoly
- Monopolistic competition
 - Characteristics
 - Output, price and profits
- Oligopoly
 - Characteristics
 - Cartel model
 - Contestable markets model
- Real world competition and technology
 - Lazy monopolist and X inefficiency
 - Dynamics forces
 - Protecting monopoly
 - Technology, efficiency and market structure
- Antitrust policy and regulation
 - History of US antitrust laws
 - Modern antitrust cases
 - Mergers, acquisitions and takeovers
 - International competition
 - Regulation and government ownership
- Labor markets
 - Supply of labor
 - Derived demand
 - Imperfect competition
 - Political and social forces
 - Job discrimination
- Rents, Profits and Interest
 - Rent and natural resources
 - Rent seeking behavior
 - Profit
 - Disequilibrium
 - Interest
 - Present value



- Marginal productivity theory of Income Distribution
 - Human capital formation
- Market failure
 - Externalities
 - Resolving externality issues
 - Market approaches
 - Regulatory approaches
 - Public goods
 - Excludability and pricing issues
 - Information issues
 - Government failure
- Behavioral economics
 - Variance from the rational choice model
 - Economic engineering
 - Choice architecture
 - Libertarian paternalism
 - Concerns about behavioral economics

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Notes to Instructors

- None

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