

# ECON 102: PRINCIPLES OF MICROECONOMICS

## Citrus College Course Outline of Record

Heading	Value
Effective Term:	Fall 2021
Credits:	3
Total Contact Hours:	54
Lecture Hours :	54
Lab Hours:	0
Hours Arranged:	0
Outside of Class Hours:	108
Prerequisite:	ECON 101 or ECON 101H.
Strongly Recommended:	ENGL 101.
District General Education:	D1. History and Political Science
Transferable to CSU:	Yes
Transferable to UC:	Yes - Approved
Grading Method:	Standard Letter, Pass/No Pass

## Catalog Course Description

An introductory course focusing on decision making from the viewpoint of the individual consumer, worker and firm. Emphasis is on price analysis, efficient allocation of resources, production costs, market structures, labor markets, market failure and applications to current economic policy. 54 lecture hours.

## Course Objectives

- Identify, interpret and analyze microeconomic graphs and data.
- Utilize the concept of scarcity to explain economic trade-offs, opportunity costs, and rational behavior.
- Calculate and interpret measures of elasticity.
- Demonstrate how markets function and what happens in the presence of market failures.
- Analyze production and costs of the firm.
- Demonstrate how firms attempt to optimize their objectives in response to price signals under a variety of market structures in the short and long-run.

## Major Course Content

1. Fundamentals of Economic Thinking
  - a. Scarcity
  - b. Factors of Production
  - c. Opportunity Costs
  - d. Marginal Analysis
  - e. Positive vs. Normative Analysis
  - f. Rational Choices
2. Consumer Behavior & Derivation of Demand Curve
  - a. Demand and Supply
  - b. Price Theory
  - c. Consumer & Producer Surplus
  - d. Deadweight Loss
  - e. Market Efficiency and Government Price Controls
3. Elasticity
  - a. Price Elasticity of Demand
  - b. Income Elasticity of Demand
  - c. Cross-Price Elasticity of Demand
  - d. Total Revenue Test
  - e. Price Elasticity of Supply
4. Consumer Choice and Utility Maximization
  - a. Total and Marginal Utility
  - b. Law of Diminishing Marginal Utility
  - c. Budget Constraint
  - d. Utility Maximizing Rule
  - e. Income and Substitution Effect
5. Costs of Production
  - a. Explicit and Implicit Costs
  - b. Economic and Accounting Profits
  - c. Short Run and Long Run Production Costs
  - d. Marginal and Average Product
  - e. Diminishing Marginal Returns
  - f. Average, Marginal and Total Costs in Short Run
  - g. Long Run Average Cost Curve
  - h. Economies and Diseconomies of Scale, Constant Returns to Scale
    - i. Minimum Efficient Scale
    - j. Production Function
6. Market Structures
  - a. Perfect Competition
    - i. Perfectly Elastic Demand
    - ii. Profit Maximizing in Short Run
    - iii. Short Run Production Decision
    - iv. Break-Even Price
    - v. Firm's Shut-down Decision
    - vi. Short Run and Long Run Supply
    - vii. Efficiency of Perfect Competition
  - b. Monopoly
    - i. Barriers to Entry
    - ii. Natural Monopolies
    - iii. Monopoly Demand Curve
    - iv. Efficiency of Monopolies and Regulation
    - v. Price Discrimination
  - c. Monopolistic Competition
    - i. Product Differentiation and Advertising
    - ii. Demand Curve
    - iii. Efficiency of Monopolistic Competition
  - d. Oligopolies
    - i. Mutual Interdependence and Strategic Behavior
    - ii. Market Concentration
    - iii. Oligopolies Pricing Models
    - iv. Efficiency of Oligopolies
7. Market Failure
  - a. Market Power: Regulation & Anti-Trust Laws
  - b. Public Goods
  - c. Positive & Negative Externalities
  - d. Asymmetric Information
8. Resource Markets

- a. Marginal Productivity Theory of Resource Demand
- b. Determinants of Resource Demand
- c. Labor Market
- d. Rent, Interest and Profit

## **Suggested Reading Other Than Required Textbook**

Wall Street Journal, Financial Times, The Economist, Business Week, Forbes, New York Times Business Section, LA Times Business Section or any other business periodical.

## **Examples of Required Writing Assignments**

Select an industry. Find information that will indicate to you the type of market structure it has: monopoly, oligopoly, monopolistic competition, or perfect competition. What information did you use to assess the structure? Examples: distribution of sales and profits, concentration ratios, uniqueness of product, ownership of patents, cost of research and development, cost of advertising, cost of capital, ease of entry and exit, price vs. non-price competition, collusion, interdependence.... Support your answer with facts.

## **Examples of Outside Assignments**

Interview a small business owner. Make a list of his/ her costs of doing business. Find out the 5 biggest items. Ask them how they manage to keep their costs as low as possible. Find out what are 2 challenges they face in their efforts to manage costs. Share in class.

## **Instruction Type(s)**

Lecture, Online Education Lecture

## **IGETC Area 4: Social and Behavioral Sciences**

4B. Economics