

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

ECON 4 - Principles of Microeconomics

3 Unit(s)

Prerequisite(s): MATH 108 or Math Level IV

Recommended Prep: NONE

Transfer Status: CSU/UC

51 hours Lecture

This is an introductory course focusing on choices of individual economic decision-makers. Topics include scarcity, specialization and trade, market equilibrium, elasticity, production and cost theory, market structures, factor markets, and market failure. (C-ID ECON 201).

II. OBJECTIVES

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

- A. Utilize the concept of scarcity to explain economic trade-offs, opportunity costs, and rational behavior.
- B. Calculate and interpret measures of elasticity.
- C. Demonstrate how markets function and what happens in the presence of market failures.
- D. Analyze production and costs of the firm.
- E. 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.

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

		Lecture	
<u>Topics</u>			<u>Hours</u>
1. Fundamentals of Economic Thinking			9.00
a. Scarcity			
b. Opportunity Costs			
c. Production Possibilities			
d. Marginal Analysis			
e. Rational Behavior			
f. Positive v. Normative Distinction			
2. How Markets Operate			7.00
a. Definition of a market			
b. Factors of production			
c. Supply and demand			
d. Price mechanism			
e. Producer and consumer surplus			
f. Price controls			
3. Elasticity			4.00
4. Consumer demand			3.00

5. Production and cost in the firm	8.00
a. Introduction to the production function	
b. Marginal and average product	
c. Law of diminishing returns	
d. Explicit and implicit cost	
e. Accounting profit v. economic profit	
f. Total cost, average cost and marginal cost in short-run	
g. Short-run production decisions	
h. Long run average cost curve	
i. Economies and diseconomies of scale	
6. Market structures	8.00
a. Perfect competition	
b. Monopoly	
c. Monopolistic competition	
d. Oligopoly	
7. Introduction to factor markets	4.00
8. Market failure and public policy	4.00
9. Specialization and gains from trade	4.00
Total Hours	51.00

IV. **METHODS OF INSTRUCTION**

- A. Lecture
- B. Instructor Demonstrations
- C. Class Activities
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Discussion
- F. Reading Assignments

V. **METHODS OF EVALUATION**

- A. Quizzes
- B. Papers
- C. Homework
- D. Written Assignments
- E. Mid-term and final examinations
- F. Class Discussion

VI. **EXAMPLES OF ASSIGNMENTS**

- A. Reading Assignments
 - 1. Read the textbook chapter and supplemental articles on Economics and Economic Reasoning. Be able to explain how to make decisions by comparing marginal costs and marginal benefits. Define opportunity costs and explain its relationship to economic reasoning
 - 2. Read the textbook chapter and supplemental articles on Economics and Economic Reasoning. Be able to distinguish between shifts in demand from movements in demand. Be able to explain how the law of demand and the law of supply interact to bring about equilibrium and also state the limitations of demand and supply analysis.
- B. Writing Assignments
 - 1. Complete the assigned reading from the text and assigned articles and compose a 5-6 page

college level essay which addresses the following: Explain the importance of substitution in determining elasticity of supply and demand; Distinguish five elasticity terms that are used to differentiate varying degrees of responsiveness and relate price elasticity of demand to total revenue.

2. Complete the assigned reading from the text and assigned articles and compose a 5-6 page college level essay which addresses the following issues of Perfect Competition; Explain why producing an output at which marginal costs equals price maximizes total profit; Demonstrate why the marginal cost curve is the supply curve for a perfectly competitive firm and determine the output and profit of a perfect competitor graphically and numerically.

C. Out-of-Class Assignments

1. Complete the assigned reading from the text, assigned articles and lecture notes and complete the online chapter quiz for Production and Cost Analysis.
2. Complete the assigned reading from the text, assigned articles and lecture notes and complete the online chapter quiz for the Oligopoly Market Structure.

VII. **RECOMMENDED MATERIALS OF INSTRUCTION**

Textbooks:

- A. David Collander. Microeconomics. 8th Edition. McGraw-Hill, 2010.

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