



Course Description

ECO2023 | Principles of Economics (Micro) | 3.00 credits

Theory of markets, price mechanism, production, distribution and resource allocation; application of marginal analysis and equilibrium theory to the price and output decisions of the individual firm in pure competition, monopolistic competition, oligopoly and monopoly; agriculture; labor, rent interest and profits theory. Prerequisite: MAT1033 or higher with a "C" or higher.

Course Competencies:

Competency 1: The student will demonstrate knowledge of supply and demand by:

1. Distinguishing between markets, firms, and industries
2. Explaining the difference between a change in demand and a change in quantity demanded, a change in supply, and a change in quantity supplied
3. Identifying the determinants of supply and demand
4. Explaining how prices & quantities bought and sold are determined by demand & supply
5. Identifying and deriving the supply and demand curve for the resource market

Competency 2: The student will demonstrate knowledge of economic efficiency, government price setting, and taxes by:

1. Identifying Producer and Consumer Surplus
2. Identifying deadweight loss
3. Defining economic efficiency using consumer and producer surplus
4. Explaining the effects of government price controls and taxes on economic efficiency

Competency 3: The student will demonstrate knowledge of elasticity by:

1. Defining and calculating the price elasticity of demand
2. Identifying whether demand is elastic, inelastic, or unitary using the total revenue approach
3. Defining and calculating the price of elasticity supply
4. Identifying whether supply is elastic, inelastic, or unitary
5. Explaining the factors that influence the price elasticity of demand

Competency 4: The student will demonstrate knowledge of utility by:

1. Defining total utility and marginal utility
2. Explaining the marginal utility theory of consumer choice
3. Explaining the Income Effect and Substitution Effect and why it explains the law of demand

Competency 5: The student will demonstrate knowledge of production costs by:

1. Distinguishing between short run and long run
2. Explaining the relationship between a firm's output and costs in the short run
3. Deriving and explaining a firm's short-run cost curves
4. Identifying the difference between economic profits and expected profits
5. Defining the law of diminishing marginal returns
6. Demonstrating the ability to work with and graph production functions given appropriate data
7. Defining economies and diseconomies of scale
8. Explaining implicit, opportunity, and explicit costs
9. Computing a cost chart and graph this given appropriate data

Competency 6: The student will demonstrate knowledge of the pure competition model by:

1. Defining pure competition
2. Explaining how pricing and output are determined in a competitive industry
3. Stating and explaining the characteristics of pure competition
4. Identifying the equilibrium level of output and prices for a purely competitive firm and its corresponding profit or loss position from a given table and graph
5. Constructing a short-run supply curve for a competitive market
6. Explaining the two approaches to maximizing profits and minimizing losses
7. Explaining how a firm determines whether to produce or shut down in the short run

Competency 7: The student will demonstrate knowledge of monopoly by:

1. Identifying the characteristics of a pure monopoly
2. Explaining how a pure monopoly determines its output and price
3. Constructing a demand curve and marginal revenue curve for pure monopoly
4. Explaining how monopoly regulation influences output, price, economic profit, and efficiency
5. Comparing and contrasting pure competition and monopoly markets

Competency 8: The student will demonstrate knowledge of monopolistic competition and oligopoly by:

1. Identifying the characteristics of a monopolistically competitive market structure
2. Explaining how price and output are determined in a monopolistically competitive industry
3. Defining product differentiation and non-price competition
4. Explaining the impact of mutual interdependence on oligopolistic pricing policies
5. Identifying the characteristics of an oligopolistic market structure.
6. Explaining the price rigidity in an oligopoly industry
7. Comparing and contrasting the four market structures
8. Understand the fundamentals of strategic decision-making

Competency 9: The student will demonstrate knowledge of socio-economic concerns by:

1. Describing costs/benefits of private versus public production
2. Defining the free rider concept
3. Defining the effects of externalities on production
4. Describing the effects of the tragedy of the commons
5. Describing the issues related to environmental economics

Learning Outcomes:

- Use quantitative analytical skills to evaluate and process numerical data
- Solve problems using critical and creative thinking and scientific reasoning