

**DELAWARE TECHNICAL & COMMUNITY COLLEGE**

**COLLEGEWIDE COURSE SYLLABUS**

**CAMPUS:** Terry Campus

**DEPARTMENT:** Social Sciences

**COURSE:** ECO 122 Microeconomics

**INSTRUCTOR NAME:** Telephone: Email:

**PREREQUISITES:** MAT 012, ENG 051, RDG 051

**CO-REQUISITES:** None

**COURSE HOURS and CREDITS:** 3:0:3

**COURSE DESCRIPTION:**

This course is designed to instruct students in the basic principles of supply and demand as they affect producer pricing decisions. It is specifically concerned with the relationship that exists between business and consumers and seeks to explain the functional differences in production and consumption.

**TEXT:** Miller, Student Value Edition for Economics Today: The Microeconomics View. 15<sup>th</sup> edition, Prentice Hall.

**MATERIALS:** None

**METHOD of INSTRUCTION:** Campus Classroom

**MANUALS:** None

**DISCLAIMER:** None

CORE CURRICULUM COMPETENCIES (CCC)

(Approved by President George and President's Council 8/25/98; Rev. 4/27/06)

The graduate will be able to:

1. Communicate clearly and effectively both orally and in writing.
2. Demonstrate effective problem solving and reasoning skills.
3. Work effectively in groups of people from diverse backgrounds.
4. Demonstrate ethical and professional understanding and conduct.
5. Apply appropriate information literacy skills to locate, evaluate and use information effectively.
6. Use computer technology appropriate to the field.
7. Use scientific and mathematical reasoning appropriate to the technology.

The Core Curriculum Competencies apply to all Associate Degree programs at the College. These are incorporated into each curriculum either by a course or by being integrated into coursework. These competencies are incorporated into each program review employer survey.

**COLLEGEWIDE CORE COURSE PERFORMANCE OBJECTIVES: (CCPO)**

The student will be able to:

1. Define economics as a subject and differentiate *macroeconomics* from *microeconomics*. (CCC 1, 2, 8).
2. Explain why the concepts of supply and demand are fundamental forces which shape market transactions. (CCC 1, 2, 8)
3. Explain why efforts to redirect market forces by controlling prices generally fail to produce the desired effects, and often produce undesirable side effects as well. (CCC 1, 2, 8).
4. Analyze the factors surrounding the principle of price elasticity. (CCC 1, 2, 7, 8)
5. Describe the key factors, which affect household consumption decisions. (CCC 1, 2, 8)
6. Explain the relationship between the distribution of income and the consumption opportunities available to different households. (CCC 1, 2, 8)
7. Describe the different legal forms of business organization and the different conditions and opportunities they face. (CCC 1, 2, 8)
8. Explain the process by which, using marginal analysis, business firms evaluate output and pricing decisions. (CCC 1, 2, 7, 8)
9. Describe the different types of market structure, and explain how they affect production and supply decisions. (CCC 1, 2, 8, 9)
10. Explain the sources of market failure, and describe how government might intervene to remedy different types of failures. (CCC 1, 2, 7, 8, 9)
11. Describe the different forms of government revenue, and evaluate their relative strengths and limitations. (CCC 1, 2, 7, 8)

**MEASURABLE PERFORMANCE OBJECTIVES: (MPO)**

The student will be able to:

1. Define economics as a subject and differentiate macroeconomics from microeconomics.

*1.1 Define microeconomics and macroeconomics.*

- 1.2 *Recognize the differences between micro and macro-economics.*
2. Explain why the concepts of supply and demand are fundamental forces, which shape market transactions.
  - 2.1 *Identify and describe the major determinants of individual demand.*
  - 2.2 *Discuss the law of demand in terms of the type of relationship it predicts between the price of a good and the quantities of it that are demanded, and in terms of the two effects which cause it to work.*
  - 2.3 *Describe how market supply and demand is derived from the individual level.*
  - 2.4 *Identify what causes changes (shifts) in the supply and demand curves.*
  - 2.5 *Explain why price changes have a different effect on supply and demand curves.*
  - 2.6 *Identify and describe the major determinants of individual supply.*
  - 2.7 *Discuss the law of supply in terms of the type of relationship it predicts between the price of a good and the quantities of it that are supplied.*
  - 2.8 *Recognize how and why equilibrium occurs between demand and supply in markets.*
3. Explain why efforts to redirect market forces by controlling prices generally fail to produce the desired effects, and often produce undesirable side effects as well.
  - 3.1 *Identify the two major types of price controls.*
  - 3.2 *Explain how price ceilings are intended to work.*
  - 3.3 *State examples of a price ceiling.*
  - 3.4 *Recognize reasons why price ceilings do not work as intended.*
  - 3.5 *Explain how price floors are intended to work, showing them on supply-demand curves.*
  - 3.7 *Give several reasons why price floors do not work as intended.*
4. Analyze the factors surrounding the principle of price elasticity.
  - 4.1 *Define "elasticity".*
  - 4.2 *Identify and describe the three factors of the price elasticity of demand.*
  - 4.3 *Describe how total revenue is calculated.*
  - 4.4 *Explain how total revenue is affected differently when the demand for a product is elastic versus when it is inelastic.*
  - 4.5 *Explain the effect that income changes have on demand, using the concept of income elasticity of demand.*
  - 4.6 *Identify and describe factors that influence the elasticity.*
5. Describe the key factors, which affect household consumption decisions.

- 5.1 *Give a microeconomic example of a tradeoff problem, i.e., one that an individual or, household might face:*
  - 5.2 *Discuss the importance of weighing the benefits and costs of tradeoffs and other economic decisions.*
  - 5.3 *Discuss the importance of incentives to economic behavior.*
  - 5.4 *Identify factors that affect household consumption decisions.*
6. Explain the relationship between the, distribution of income and the consumption opportunities available to different households.
- 6.1 *Explain the relationship between income and wealth.*
  - 6.2 *Describe the distribution of income and wealth in the United States.*
  - 6.3 *Discuss the major household characteristics according to which the distribution of income can be shown.*
  - 6.4 *Describe what poverty is, and discuss the role that characteristics such as race and marital status as they relate to poverty. .*
  - 6.5 *Identify and describe the three key factors that determine a family's income.*
  - 6.6 *Identify and describe the major ways that governments in the United States seek to redistribute income.*
7. Describe the different legal forms of business organization and the different conditions and opportunities they face.
- 7.1 *Describe the population of business firms in the American economy*
  - 7.2 *Identify the key characteristics ("pros" and "cons") of types or legal forms of business organizations.*
8. Explain the process by which, using marginal analysis, business firms evaluate output and pricing decisions.
- 8.1 *Explain why, from an economic point of view, it is important to regard production costs as opportunity costs.*
  - 8.2 *Define and differentiate between types of opportunity costs explicit and implicit that enter into production decisions.*
  - 8.3 *Explain why accountants and economists have different views of costs and profits.*
  - 8.4 *Explain why, from an economic point of view, an investment that yields an accounting profit can actually be viewed as a net loss*
  - 8.5 *After first defining marginal product, describe its behavior in shaping production (output) when capital is held constant (fixed).*
  - 8.6 *Define and differentiate fixed costs and variable costs.*
  - 8.7 *Define (give the formula for) and differentiate average total cost and marginal cost.*
  - 8.8 *Describe and show, on a graph, the typical behavior and shape of the different types of cost curves: average fixed cost, average variable cost, average total cost, and marginal cost.*

9. Describe the different types of market structure, and explain how they affect production and supply decisions.
  - 9.1 *Describe the market characteristics of a competitive market.*
  - 9.2 *Identify different types of market strategies.*
  - 9.3 *Explain why a competitive-firm's marginal revenue curve is also its demand curve.*
  - 9.4 *Describe, using both total and marginal analysis, the production decision of a competitive firm seeking profit maximization.*
  - 9.5 *Explain why a competitive firm's marginal cost curve (MC) is also its supply curve.*
  - 9.6 *Define monopoly with emphasis on the issue of market power.*
  - 9.7 *Explain what causes monopolies to occur using the two key reasons, furnishing specific examples in each case.*
  - 9.8 *Discuss the pros and cons of monopoly power compared to competition.*
  - 9.9 *Discuss the impact of product development and marketing` on the output and profitability of monopolistically competitive firms.*
  - 9.10 *Describe the characteristics of oligopolies, as differentiated from the other types of markets.*
  - 9.11 *Define duopoly, collusion, and cartel as aspects of oligopolistic/monopolistic behavior.*
  - 9.12 *Explain the tensions or conflicts that make collusion between oligopolistic firms difficult to achieve*
  - 9.13 *Describe the use of price wars, R&D, and other oligopoly games.*
  
10. Explain the sources of market failure, and describe how government might intervene to remedy different types of failures.
  - 10.1 *Name and describe the four major economic problems that governments intervene in to help people cope with the effects of these problems.*
  - 10.2 *List sources and types of market failure.*
  - 10.3 *Define regulation (as it pertains to business firms), and differentiate it from deregulation.*
  - 10.4 *Describe the meaning and purpose of antitrust law.*
  - 10.5 *Describe the key elements of the economic theory of regulation.*
  - 10.6 *Explain the relationship between the demand for regulation and other factors*
  - 10.7 *Describe the regulation of business by touching on the scope of regulation and the process by which regulation is accomplished.*
  - 10.8 *Describe how natural monopolies can be regulated by describing the four major strategies: marginal cost pricing rule, average cost pricing rule, rate of return regulation and incentive regulation.*
  - 10.9 *Discuss the gains from deregulating natural monopolies and oligopolies.*
  - 10.10 *Summarize the history of antitrust law, focusing on the major legislative changes that have occurred.*

- 10.11 *Describe the major sources of environmental problems.*  
 10.12 *Discuss the relationship between property rights and environmental externalities.*

11. Describe the challenges that governments face in financing their operations.
- 11.1 *Describe the different forms of government revenue and their relative importance as sources of revenue.*  
 11.2 *Identify which forms of revenue are generally available to which levels of government, and evaluate their relative strengths and limitations.*  
 11.3 *Identify and discuss the two methods of evaluating the fairness (i.e., equity) of government revenue sources.*  
 11.4 *Describe the progressivity/regressivity of the major types of taxes governments use for raising revenue.*  
 11.5 *Evaluate the progressivity of the major types of taxes, using specific examples and the principle of effective tax rate to demonstrate.*

#### **EVALUATION CRITERIA:**

Students will demonstrate proficiency on all Measurable Performance Objectives at least to the 75% level. The final course grade will be derived from:

**Examinations** (MPOs 1-11) **70%**

There will be three to six exams. The exams may contain a variety of question types including multiple choice, matching, true/false, short answer, and essay. The questions will reflect the competencies within this course syllabus. You are expected to make up any missed exams within one week of your return to class, and to complete retests within the time parameters and guidelines of your instructor. Make-up exams may not be in the same format as the scheduled exam. You must contact the instructor for details as to where and when to complete the make-up exam.

**Project/Paper** (MPOs 1-11) **20%**

You will submit a paper that addresses a micro economic analysis of a public policy issue such as poverty, tax fairness, pollution, etc. The topic must be approved by the instructor, be a minimum of 3-5 pages, typed, double spaced, one inch margins, and a font no larger than 12.

**Participation:** (MPO 1-11)**10%**

You will demonstrate active involvement in classroom activities. The homework and activities may include, but not be limited to announced and unannounced quizzes, in-class activities, homework, and text -based assignments, and one or more web-based activities. The activities may vary from semester to semester and will be scheduled at the discretion of the instructor.

See Measurable Performance Objectives for detailed expectations and requirements.

Grades will be computed using the following scale:

|          |     |
|----------|-----|
| 92 - 100 | = A |
| 83 - 91  | = B |
| 75 - 82  | = C |
| 0 - 74   | = R |

**Students should refer to the Student Handbook for information on Academic Standing Policy, Academic Honesty Policy, Student Rights and Responsibilities, and other policies relevant to their academic progress.**