



BROWARD COMMUNITY COLLEGE

COURSE OUTLINE

LAST REVIEW: 2006-2007 **NEXT REVIEW:** 2011-2012 **STATUS:** A

COURSE TITLE: Principles of Microeconomics

COMMON COURSE NUMBER: ECO 2023

CREDIT HOURS: 3

CONTACT HOUR BREAKDOWN
(per 16 week term)

CLOCK HOURS:
(Voc. Course ONLY)

Lecture: 48 Lab:

Clinic: Other:

PREREQUISITE(S): Successful completion (or testing out) of REA 006

COREQUISITE(S): None

PRE/COREQUISITE(S):

COURSE DESCRIPTION: An introductory course stressing microeconomic theories. Topics studied include the theory and application of supply and demand elasticity; theory of consumer demand, utility; production and cost theory including law of diminishing returns; the firm's profit-maximizing behaviors under market models ranging for pure competition to pure monopoly; the theory of income distribution; comparative advantage, trade policies, exchange rates, balance of payments, and other international issues. **This is a writing credit course.**

UNIT TITLES

1. Fundamental Economic Concepts and the Role of Government in Modern Economies
2. Theory and Application of Supply and Demand Elasticity
3. Theory of Consumer Behavior
4. Theory of the Business Firm
5. Distribution of Income: The Pricing of the Productive Factors
6. International Economics



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ASSESSMENT:

Please provide a brief description that details how students will be assessed on the course outcomes.

Students will be assessed by and not limited to exams, critiquing articles, case studies, problem based learning, group projects, papers, peer reviews, class quizzes, written or oral discussions, written and oral assignments, collaborative research, and presentations.



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Course Overview: Upon successful completion of this course, the students should be able to critically comprehend and evaluate the behavior and interrelationship of individual decision-making units (households, firms and governments) in the U.S. economy, and discuss theories and problems of international economics

UNITS

Unit 1. Fundamental Economic Concepts and the Role of Government in Modern Economics

General Outcome:

- 1.0 The students should be able to critically comprehend and understand the fundamentals of economic analysis, as well as the role and functions of government in modern mixed economy.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 1.1 Differentiate between laymen's use of economic terms and their economic meanings.
- 1.2 Critically comprehend the concepts of scarcity and foregone opportunity costs as reflected in the Production Possibilities Frontier.
- 1.3 Discuss how pure capitalism functions in terms of the two-sector flow model.
- 1.4 Differentiate between the points on a demand (supply) schedule and the concepts of demand and supply.
- 1.5 Evaluate the pros and cons of the perfectly competitive price-market mechanism.
- 1.6 Differentiate between the economic and non-economic functions of government.
- 1.7 Explain the concept of spillovers, their impact on resource allocation, and the corrective actions needed.



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Unit 2. Theory and Application of Supply and Demand Elasticity

General Outcome:

- 2.0 The students should be able to calculate elasticity and apply the concept in various supply and demand situations.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 2.1 Define the concept of price elasticity of supply and demand and illustrate with suitable diagrams.
- 2.2 Calculate the coefficient of elasticity in various supply and demand situations.
- 2.3 Explain the total revenue effect of price changes under conditions of:
- 2.3.1 Elastic
 - 2.3.2 Inelastic
 - 2.3.3 Unit-elastic demand
- 2.4 Identify properties of goods and services which affect the elasticity of supply and demand.
- 2.5 Discuss the significance of elasticity of supply and demand in the levying of excise taxes on specific goods.
- 2.6 Explain the application of the demand elasticity concept to changes in income (income elasticity) and the prices of other goods (cross elasticity).
- 2.7 Apply the concept of market equilibrium and the impact of price ceilings (floors) on the allocation of resources.
- 2.8 Analyze the impact of technology on physical capital formation, productivity, research and development.



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Unit 3 Theory Consumer (Household) Behavior

General Outcome

- 3.0 The students should be able to apply the analytical basis of consumer behavior in using goods and services.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 3.1 Describe three hypotheses to explain the Law of Demand.
- 3.2 Explain the concepts of utility, total utility, and marginal utility.
- 3.3 Define the Law of Diminishing Marginal Utility and illustrate with specific examples.
- 3.4 Use utility theory to explain and illustrate total utility maximizing, with a limited budget constraint.
- 3.5 Use utility theory to derive the consumer's demand curve for various goods and services.
- 3.6 Discuss the merits and shortcomings of utility analysis.
- 3.7 Explain the use of indifference curve analysis as an alternative (or supplement) to utility theory.



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Unit 4. Theory of the Business Firm

General Outcome:

- 4.0 The students should be able to determine the theoretical optimum behavior of the firm as it seeks to maximize total profit in various market models ranging across the competitive spectrum, from pure competition to pure monopoly.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 4.1 Discuss explicit and implicit costs and how these relate to normal profit vs. economic profit.
- 4.2 Define and illustrate the Law of Diminishing Returns in Production.
- 4.3 Describe and illustrate—with diagrams—the firm's family of short-run cost curves.
- 4.4 Describe and illustrate the firm's long-run cost, - with diagrams, including economies and diseconomies of scale.
- 4.5 Describe and illustrate—with diagrams—the firm's profit-maximizing behavior, in particular $MR=MC$, under the following:
- 4.5.1 Market conditions of pure competition
 - 4.5.2 Pure monopoly
 - 4.5.3 Monopolistic competition
 - 4.5.4 Oligopoly



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Unit 5. Distribution of Income: The Pricing of the Productive Factors

General Outcome:

- 5.0 The students should be able to write clearly and coherently in describing basic production theory, the marginal productivity theory of income distribution, and the relationship of the latter to theories of rent, wages, interest, and profit.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 5.1 State the condition that must be satisfied if a firm is in a least-cost position.
- 5.2 State the condition that must be satisfied if a firm is in a maximum profit position-
- 5.3 Describe, in general, what is meant by the theory of distribution.
- 5.4 Define "derived demand" and "economic rent" and explain importance of interest rates.
- 5.5 Explain the influence of the substitution-effect and income-effect upon the labor supply curve.
- 5.6 Discuss current dynamic forces impacting labor markets, e.g. unions, monopsony, healthcare.



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Unit 6. International Trade

General Outcome:

- 6.0 The students should be able to describe the theories and problems of international trade, in developed and developing economies as well as the history and present status of the international payment system.

Specific Measurable Learning Outcomes:

Upon successful completion of this unit, the student shall be able to:

- 6.1 Explain and illustrate the concept of comparative advantage, using numerical examples and production-possibility curves.
- 6.2 Identify and discuss the chief arguments for and against protectionist trade barriers.
- 6.3 Explain how international exchange rates are determined.
- 6.3.1 List and explain the three main divisions within the balance of international payments.
- 6.3.2 Describe the post-World War II Bretton Woods international payment system and its demise in the 1970s.
- 6.3.3 Describe and discuss the present system of managed floating exchange rates and possible future developments.
- 6.4 Compare developed and developing economies.