

Principles of Microeconomics

Course Design

2002-2003

Course Information

Organization:	EASTERN ARIZONA COLLEGE
Division:	Business
Course Number:	BUA 223
Title:	Principles of Microeconomics
Credits:	3
Developed by:	Kathleen Bailey
Lecture/Lab Ratio:	Lecture 3 hours
Transfer Status:	ASU-ECN112, NAU-ECO284, UofA-ECON201A

Extended Registration

Class:	No
CIP Code:	45.0601
Assessment Mode:	Pre/Posttest Raw Score=25
Semester Taught:	Spring
Gen. Ed. Area:	Social Science
Separate Lab:	No
Awareness Course:	No
Intensive Writing Course:	No
Prerequisites:	1. None

Educational Value: Provides a basic understanding of economic principles which is necessary in order to participate as a citizen, consumer, and active voter within a democratic, free-market system.

Goals:

1. The course is designed to give the student a basic understanding of the capitalistic economy through the study of consumer behavior, costs of production, the four market models, and resource markets.

Description: Study of forces affecting individual productive units; includes analysis of price determinants through supply and demand, cost and equilibrium of firms under perfect and imperfect competition, distribution of income, and selected current problems. Concurrent enrollment in BUA 221 not recommended.

Textbooks: Stephen L. Slavin. Economics Sixth Edition. McGraw-Hill, Irwin, 2002.

Supplies: Calculator

Competencies and Performance Standards

<p>1. Explain the basic economizing problem of scarce resources and unlimited wants.</p> <p><i>Domain--Cognitive Level--Comprehension Importance--Essential Difficulty--Medium</i></p>			
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to create a production possibilities curve from a production possibilities table. • learner is able to list the four categories of resources and payments. • learner is able to explain the connection between scarce resources, opportunity cost, and the production possibilities model. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Identify the four resource categories. Create a production possibilities table. Create a production possibilities curve. 	
<p>2. Construct the basic supply and demand curves in a purely competitive market model.</p> <p><i>Domain--Cognitive Level--Application Importance--Essential Difficulty--Medium</i></p>			
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to graph demand curves in a purely competitive market model. • learner is able to graph supply curves in a purely competitive market model. • learner is able to graph supply and demand together and determine equilibrium price and quantity in a purely competitive market model. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Graph a demand curve in a purely competitive market model. Graph a supply curve in a purely competitive market model. Graph supply and demand together and determine equilibrium price and quantity in a purely competitive market model. 	
<p>3. Explain the interaction of the public and private sectors within a mixed economy.</p> <p><i>Domain--Cognitive Level--Comprehension Importance--Important Difficulty--Low</i></p>			
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to describe the breakdown of households as income receivers and spenders. • learner is able to describe the breakdown of the business population. • learner is able to describe the "isms": capitalism, fascism, communism, and socialism. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Describe the breakdown of households as income receivers and spenders. Describe the breakdown of the business population. Describe the "isms": capitalism, fascism, communism, and socialism. 	

4. Interpret elasticities of supply and demand after calculating each.			
<i>Domain--Cognitive</i>	<i>Level--Comprehension</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to calculate the elasticity of demand coefficient from a given set of data. • learner is able to apply the total revenue test for a given set of data. • learner is able to calculate the elasticity of supply coefficient from a given set of data. • learner is able to list the major determinants of supply and demand. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Calculate the elasticity of demand coefficient from a given set of data. Apply the total revenue test for a given set of data. Calculate the elasticity of supply coefficient from a given set of data. List the major determinants of elasticity of supply and demand. 	
5. Explain consumer utility maximization.			
<i>Domain--Cognitive</i>	<i>Level--Comprehension</i>	<i>Importance--Important</i>	<i>Difficulty--Medium</i>
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to explain the law of diminishing marginal utility. • learner is able to explain the utility-maximizing rule. • learner is able to figure out the combination of products purchased with a given income from a given set of data. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Explain the law of diminishing marginal utility. Explain the utility-maximizing rule. Figure out the combination of products purchased with a given income from a given set of data. 	
6. Analyze the short-run costs of production after calculating each.			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to explain the law of diminishing returns. • learner is able to calculate total cost, average fixed cost, average variable cost, and average total cost. • learner is able to calculate marginal cost. • learner is able to explain the relationships among the cost curves. • learner is able to explain what is meant by economies and diseconomies of scale. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Explain the law of diminishing returns. Calculate total cost, average fixed cost, average variable cost, and average total cost. Calculate marginal cost. Explain the relationships among the cost curves. Explain economies and diseconomies of scale. 	

7. Figure out short-run profit or loss in a purely competitive market.			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to explain why a purely competitive market has a perfectly elastic demand curve. • learner is able to figure out where the shut-down point will be for a given set of purely competitive data. • learner is able to figure out where the loss-minimization point will be for a given set of purely competitive data. • learner is able to figure out where the normal-profit point will be for a given set of purely competitive data. • learner is able to figure out where the profit-maximization point will be for a given set of purely competitive data. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Explain why a purely competitive market has a perfectly elastic demand curve. Figure out where the shut-down point will be for a given set of purely competitive data. Figure out where the loss-minimization point will be for a given set of purely competitive data. Figure out where the normal-profit point will be for a given set of purely competitive data. Figure out where the profit-maximization point will be for a given set of purely competitive data. 	
8. Figure out short-run profit or loss in a monopolistic market.			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to figure out the profit-maximizing (loss-minimizing) output and price level for a given set of short-run monopolistic cost data. • learner is able to explain the results of a regulated monopoly. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Figure out the profit-maximizing (loss-minimizing) output and price level for a given set of short-run monopolistic cost data. Explain the results of a regulated monopoly. 	
9. Figure out short-run profit or loss in a monopolistically competitive market.			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
<p>Criteria--Criteria - Performance will be satisfactory when:</p> <ul style="list-style-type: none"> • learner is able to figure out the profit-maximizing (loss-minimizing) output and price level for a given set of short-run monopolistically competitive data. • learner is able to explain the results of monopolistically competitive markets in the long run. 	<p>Conditions--Competence will be demonstrated:</p> <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	<p>Learning Objectives:</p> <ol style="list-style-type: none"> Figure out the profit-maximizing (loss-minimizing) output and price level for a given set of short-run monopolistically competitive data. Explain the results of monopolistically competitive markets in the long run. 	

10 Figure out short-run profit or loss in an oligopolistic market.			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
Criteria-- Criteria - Performance will be satisfactory when: <ul style="list-style-type: none"> • learner is able to explain the operation of cartels. • learner is able to explain the difference between open and covert collusion. • learner is able to explain price leadership. • learner is able to explain the kinked-demand oligopoly model. 	Conditions-- Competence will be demonstrated: <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	Learning Objectives: <ol style="list-style-type: none"> Explain the operation of cartels. Explain the difference between open and covert collusion. Explain price leadership. Explain the kinked-demand oligopoly model. 	
11 Figure out the least-cost and profit-maximizing combination of using more than one resource.			
<i>Domain--Cognitive</i>	<i>Level--Analysis</i>	<i>Importance--Essential</i>	<i>Difficulty--High</i>
Criteria-- Criteria - Performance will be satisfactory when: <ul style="list-style-type: none"> • learner is able to figure out marginal revenue product for each resource from a given set of data. • learner is able to figure out marginal resource cost from a given set of data. • learner is able to apply the $MRP = MRC$ rule for a given set of data. 	Conditions-- Competence will be demonstrated: <ul style="list-style-type: none"> • on homework with the use of the textbook. • in class on a 100-point exam without the use of resources. 	Learning Objectives: <ol style="list-style-type: none"> Figure out marginal revenue product for each resource from a given set of data. Figure out marginal resource cost from a given set of data. Apply the $MRP = MRC$ rule for a given set of data. 	

Types of Instruction

- Classroom Presentation
- Videos
- Newspaper/Magazine Articles
- Internet

Grading Policy

Evaluation Methods: Pretest (not part of grade)
 Exams--five @ 100 pts ea = 500 pts
 Quizzes--ten @ 10 pts ea = 100 pts
 Internet Assignments--ten @ 5 pts ea = 50 pts
 Homework--15 chapters @ 5 pts ea = 75 pts
 Posttest--100 pts
 Total Points Possible for Course = 825 pts

Grading Scale:

Grade	Requirement
A	90 - 100%
B	80 - 89%
C	70 - 79%
D	50 - 69%
F	Below 50%

Learning Plans

Learning Plan 1-- The Economizing Problem

Overview: Introduces the learner to the concepts of scarcity and choice.

Competency: 1. **Explain the basic economizing problem of scarce resources and unlimited wants.**

Learning Activities:

- _____ 1. Read textbook assignments.
- _____ 2. Listen to lecture and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete Internet Assignment #1.

Performance Assessment Activities:

- _____ 1. Complete textbook questions for chapter 1 & 2.
- _____ 2. Take quiz number 1.
- _____ 3. Take objective examination covering chapters 1-4 after completing Learning Plan 3.

Learning Plan 2-- Supply and Demand Within a Free Market

Overview: Introduces the learner to the supply and demand models. Also, the learner is made aware of the concept of a free-market system and the problems every economy must face.

Competency: 2. **Construct the basic supply and demand curves in a purely competitive market model.**

Learning Activities:

- _____ 1. Read the textbook assignments.
- _____ 2. Listen to lectures and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete assigned homework questions.

Performance Assessment Activities:

- _____ 1. Complete textbook questions for chapter 3.
- _____ 2. Take objective examination covering chapters 1-4 after completing Learning Plan 3.

Learning Plan 3-- The Public and Private Sectors of a Mixed Economy

Overview: Introduces the learner to the concept of a free-market system and the problems every economy must face. Also, the learner is made aware of the roles played by business and government within this system.

Competency: 3. **Explain the interaction of the public and private sectors within a mixed economy.**

Learning Activities:

- _____1. Read the textbook assignments.
- _____2. Listen to lectures and take notes.
- _____3. Discuss any questions that arise in class.
- _____4. Complete assigned homework questions.

Performance Assessment Activities:

- _____1. Complete textbook questions for chapter 4.
- _____2. Take objective examination covering chapters 1-4 after completing Learning Plan 3.

Learning Plan 4-- Demand and Supply Elasticities

Overview: Introduces the learner to the concept of elasticity of demand and supply.

Competency: 4. **Interpret elasticities of supply and demand after calculating each.**

Learning Activities:

- _____1. Read textbook assignments.
- _____2. Listen to lecture and take notes.
- _____3. Discuss any questions that arise in class.
- _____4. Complete homework assignments.
- _____5. Complete Internet Assignment #2.

Performance Assessment Activities:

- _____1. Complete textbook questions for chapter 18.
- _____2. Take quiz number 2.
- _____3. Take objective examination covering chapters 18, 19 & 20 after completing Learning Plan 6.

Learning Plan 5-- Consumer Behavior and Utility Maximization

Overview: Introduces the learner to why the consumer buys a certain bundle of goods rather than any other possible bundles.

Competency: 5. **Explain consumer utility maximization.**

Learning Activities:

- _____ 1. Read the textbook assignments.
- _____ 2. Listen to lectures and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete assigned homework questions.
- _____ 5. Complete Internet Assignment #3.

Performance

Assessment Activities:

- _____ 1. Complete textbook questions from chapter 19.
- _____ 2. Take quiz number 3.
- _____ 3. Take objective examination covering chapters 18, 19, & 20 after completing Learning Plan 6.

Learning Plan 6-- The Costs of Production

Overview: Introduces the learner to production costs.

Competency: 6. **Analyze the short-run costs of production after calculating each.**

Learning Activities:

- _____ 1. Read the textbook assignments.
- _____ 2. Listen to lectures and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete assigned homework questions.
- _____ 5. Complete Internet Assignment #4.

Performance

Assessment Activities:

- _____ 1. Complete textbook questions for chapter 20.
- _____ 2. Take quiz number 4.
- _____ 3. Take objective examination covering chapters 18, 19 & 20 after completing Learning Plan 6.

Learning Plan 7-- Pure Competition and Profit Maximization

Overview: Introduces the learner to the purely competitive market model and profit maximization.

Competency: 7. **Figure out short-run profit or loss in a purely competitive market.**

Learning Activities:

- _____ 1. Read the textbook assignments.
- _____ 2. Listen to lectures and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete assigned homework questions.
- _____ 5. Complete Internet Assignment #5 & 6.

Performance**Assessment Activities:**

- _____ 1. Complete textbook questions for chapter 21 & 22.
- _____ 2. Take quiz number 5.
- _____ 3. Take problem examination covering chapter 21 & 22 after completing Learning Plan 7.

Learning Plan 8-- Pure Monopoly, Monopolistic Competition, & Oligopoly**Overview:**

Introduces the learner to the other three market models. Each model uses the same basic rules introduced in the purely competitive model for finding price and output levels.

Competency:

8. **Figure out short-run profit or loss in a monopolistic market.**

Competency:

9. **Figure out short-run profit or loss in a monopolistically competitive market.**

Competency:

10. **Figure out short-run profit or loss in an oligopolistic market.**

Learning Activities:

- _____ 1. Read the textbook assignments.
- _____ 2. Listen to lectures and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete assigned homework questions.
- _____ 5. Complete Internet Assignment #7 & 8.

Performance**Assessment Activities:**

- _____ 1. Complete textbook questions for chapter 23, 24, & 25.
- _____ 2. Take quiz number 6 (monopoly), 7 (monopolistic competition), & 8 (oligopoly).
- _____ 3. Take objective examination covering chapter 23, 24, & 25 after completing Learning Plan 8.

Learning Plan 9-- Microeconomics and Resource Markets**Overview:**

Introduces the learner to the pricing and employment of resources.

Competency:

11. **Figure out the least-cost and profit-maximizing combination of using more than one resource.**

Learning Activities:

- _____ 1. Read the textbook assignments.
- _____ 2. Listen to lectures and take notes.
- _____ 3. Discuss any questions that arise in class.
- _____ 4. Complete assigned homework questions.
- _____ 5. Complete Internet Assignment #9 & 10.

Performance**Assessment Activities:**

- _____ 1. Complete textbook questions for chapter 27, 29, & 30.
- _____ 2. Take quiz number 9 (wages) & 10 (rent, interest, profits).
- _____ 3. Take objective examination covering chapter 27, 29, & 30 after completing Learning Plan 9.