

MONTGOMERY COLLEGE
Department of Business and Economics
Rockville Campus

EC 202 Principles of Economics II (MICROECONOMICS)
CREDIT HOURS: 3

COURSE OUTLINE

PURPOSE AND DESCRIPTION

This course offers introductory theoretical and applied microeconomics. The fundamental concepts, principles, institutions, and practices of microeconomics will be explained and discussed. The course is intended to provide the student with an understanding of the theoretical bases of economic decision-making in a market economy. Emphasis will be on the theories of consumer behavior, the theories of the firm, the theories of market structure, and the theories of distribution. In addition, microeconomic problems which are likely to arise in a market economy will be explained, and the measure to redress them will be discussed.

PREREQUISITES

- a. High school algebra or its equivalent.
- b. Assessment levels: EN 101/101A; MA 100; RD 110

FORMAT

All class sessions will be lecture sessions. Student participation in class discussions is expected.

TEXTBOOK

McConnell, Campbell R. and Brue, Stanley L., Economics, 17th edition. New York: McGraw-Hill/Irwin, 2008.

SUPPLEMENTAL MATERIAL

Walstad, William B., Study Guide for use with McConnell and Brue Economics, 17th edition. New York: McGraw-Hill/Irwin, 2008.

SCOPE

THIS COURSE IS NOT LIMITED BY THE TEXTBOOK.

LECTURE SEQUENCE

- I. INTRODUCTION (Chapters 1, 2, and 3)
 - a. The Meaning of Economics
 - b. Resources, Wants, and Technology
 - c. The Five Central Economic Problems
 - d. Macroeconomics and Microeconomics
 - e. Comparison of Economic Systems
 - f. Methodology of Economics
 - g. Institutions and Assumptions of Capitalism
 - h. The Circular Flow of Economic Activity
 - i. Demand and Supply Analysis
 - j. The Price Mechanism

- II. THEORIES OF CONSUMER BEHAVIOR (Chapters 18 and 19)
 - a. The Concept of Elasticity
 - b. Cardinal Utility Theory
 - c. Ordinal Utility Theory
- III. THEORIES OF THE FIRM (Chapter 20)
 - a. Business Organizations
 - b. Theories of Production
 - c. Cost Analysis
 - d. Output Determination
- IV. THEORIES OF MARKETS (Chapters 21, 22, 23)
 - a. Revenue Analysis
 - b. Market Structures (The Commodity Market)
 - c. Profit Maximization and Loss Minimization
 - d. Perfectly Competitive Markets
 - e. Monopolies
 - f. Imperfectly Competitive Markets
 - g. Shortcomings of the Market System
- V. THEORIES OF DISTRIBUTION (Chapters 25, 26, and 27)
 - a. Resource Markets
 - b. The Demand for Resources
 - c. Wages
 - d. Interest
 - e. Rent
 - f. Profits
- VI. ECONOMIC ISSUES (Chapters 28, 29, 30, 31, and 32)
 - a. Public Goods and Public Choice
 - b. The Farm Problem
 - c. Market Power
 - d. Government Regulation of Businesses
 - e. Economics of Pollution
 - f. Income Inequality

COVERAGE OF TOPICS

The extent of treatment of each topic which is included in Roman numerals I through VI is the prerogative of the professor.

SPECIFIC OUTCOMES

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

1. Define basic business cost, production, and profit concepts.
2. Describe the concept and types of market structures and the effect of market structure on business behavior and profits.
3. Apply basic economic concepts such as scarcity, opportunity cost, marginal analysis, etc. to everyday life situations.
4. Use the model of supply and demand to explain how prices and quantities of goods, services, and resources are determined and change.
5. Explain the concept of elasticity and why it matters to certain business pricing and public policy decisions.

6. Explain why government price and quantity controls generally lead to economic inefficiency.
7. Describe the situations where free unregulated markets fail to promote the best interests of society and the potential role of government to correct these market failures.
8. Explain how economic principles can be used to help make basic business decisions (such as what price to charge, how much to sell, how many employees to hire, etc.) to maximize profits.

EXAMINATIONS

All examinations will be announced.

GRADE

Grades will be assigned as follows:

<u>Percentage Earned</u>	<u>Grade Earned</u>
90 – 100	A
80 – 89	B
70 – 79	C
60 – 69	D
Less than 60	F

DEPARTMENT

SUITE: HU 261 (Humanities Building)

ROOM: HU 244 – Administrative Aide

PHONE: 240 567-5137

ECONOMICS COORDINATOR

Professor John Foster

ROOM: HU 255

PHONE: 240 567-5140

E-MAIL: john.foster@montgomerycollege.edu