

Northern Marianas College
CURRICULUM ACTION REQUEST

Effective Semester / Session: Spring 2010

Type of Action:

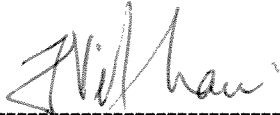
- New
- Modification
- Move to Inactive (Stop Out)
- Cancellation

Course Alpha and Number: EC 212

Course Title: Principles of Microeconomics

Reason for initiating, revising, or canceling:

This course guide is being revised to update the textbook used in this course to the new 18th edition. This newer edition contains the latest economic and statistical information needed in this course.



Proposer: Wil Maui, Instructor



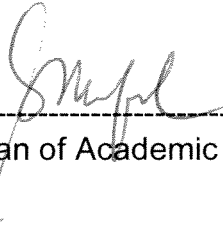
Date



Department Chair



Date



Dean of Academic Programs and Services



Date

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Course Guide

Course: EC 212 Principles of Microeconomics

1. Department

Business

2. Purpose

This course follows the Principles of Macroeconomics course (EC 211). The focus of this course is on the laws, principles, policies and issues that are microeconomic in nature. Topics include the extension of demand and supply analysis, the theory of consumer behavior, the theory of the firm, the different market structures, technology and research and development, resource pricing, resources allocation efficiency, and market externalities. This course is a required course for the A.A. degree in Business and is an elective course for the A.A. degree in Liberal Arts. This course equips students with knowledge and skills to deal with daily economic issues encountered in academics, in business, and in personal life. It also benefits individuals interested in gaining knowledge and skills for looking at things from an economic perspective.

3. Description

A. Required/Recommended Textbook(s) and Related Materials

Required: McConnell, Campbell R., Stanley L. Brue, and Sean M. Flynn. *Economics: Principles, Problems, and Policies*. 18th ed. New York, NY: The McGraw-Hill Companies, Inc., 2009.
Readability level: Grade 11

B. Contact Hours

1. **Lecture:** 3 hours per week / 45 hours per semester
2. **Lab:**
3. **Other:**

C. Credits

1. **Number:** 3
2. **Type:** Regular degree credits

D. Catalogue Course Description

This course follows the Principles of Macroeconomics course (EC 211). The focus of this course is on the laws, principles, policies and issues which are microeconomic in nature. Topics include the extension of demand and supply analysis, the theory of consumer behavior, the theory of the firm, the different market structures, technology and research and development, resource pricing, resources allocation efficiency, and market externalities. Prerequisite: EC 211. English Placement Level: EN 202. Math Placement Level: MA 132. (Offered Spring)

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E. Degree or Certificate Requirements Met by Course

This is a required course for the A.A. degree in Business and it is an elective course for the A.A. degree in Liberal Arts.

F. Course Activities and Design

This course consists of class lectures, in-class exercises, homework assignments, online exercises, in-class exams, and take-home exams. Exercises and homework come from the textbook and from the Web site that supports the textbook.

4. Course Prerequisite(s); Concurrent Course Enrollment; Required English/Mathematics Placement Level(s)

Prerequisite(s): EC 211

English Placement Level: EN 202

Math Placement Level: MA 132

5. Estimated Cost of Course; Instructional Resources Needed

Cost to the Student: Tuition for a 3-credit course, cost of textbook, and the student activities fee.

Cost to the College: Instructor's salary.

Instructional resources needed for this course include instructor's laptop computer, software, computer projector and projection screen, flash drive, whiteboard, whiteboard markers, photocopied handouts, and appropriate reference materials.

6. Method of Evaluation

Student grades will be based on the regular letter grade system as described below:

A: Excellent – grade points: 4.0;

B: Above average – grade points: 3.0;

C: Average – grade points: 2.0;

D: Below average – grade points: 1.0;

F: Failure – grade points: 0.0.

NMC's grading and attendance policies will be followed.

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7. Course Outline

This is a topical outline and does not necessarily indicate the sequence in which the material will be presented.

- 1.0 Extensions of Demand and Supply Analysis
 - 1.1 Price Elasticity of Demand
 - 1.2 Price Elasticity of Supply
 - 1.3 Cross Elasticity and Income Elasticity of Demand
 - 1.4 Consumer and Producer Surplus

- 2.0 Consumer Behavior and Utility Maximization
 - 2.1 Law of Diminishing Marginal Utility
 - 2.2 Theory of Consumer Behavior
 - 2.3 Utility Maximization and Demand Curve
 - 2.4 Applications and Extensions

- 3.0 The Costs of Production
 - 3.1 Economic Costs
 - 3.2 Short-Run Production Relationships
 - 3.3 Short-Run Production Costs
 - 3.4 Long-Run Production Costs
 - 3.5 Application and Illustrations

- 4.0 Pure Competition
 - 4.1 Four Market Models
 - 4.2 Pure Competition
 - 4.3 Demand as Seen by Purely Competitive Seller
 - 4.4 Profit Maximization in the Short-Run: Total-Revenue-Total-Cost Approach
 - 4.5 Profit Maximization in the Short Run: Marginal Revenue—Marginal Cost Approach
 - 4.6 Marginal Cost and Short-Run Supply
 - 4.7 Profit Maximization in the Long-Run
 - 4.8 Pure Competition and Efficiency

- 5.0 Pure Monopoly
 - 5.1 An Introduction to Pure Competition
 - 5.2 Barriers to Entry
 - 5.3 Monopoly Demand
 - 5.4 Output and Price Determination
 - 5.5 Economic Effects of Monopoly
 - 5.6 Price Discrimination
 - 5.7 Regulated Monopoly

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- 6.0 Monopolistic Competition and Oligopoly
 - 6.1 Monopolistic Competition
 - 6.2 Price and Output in Monopolistic Competition
 - 6.3 Monopolistic Competition and Efficiency
 - 6.4 Product Variety
 - 6.5 Oligopoly
 - 6.6 Oligopoly Behavior: A Game-Theory Overview
 - 6.7 Three Oligopoly Models
 - 6.8 Oligopoly and Advertising
 - 6.9 Oligopoly and Efficiency

- 7.0 Technology, Research and Development (R&D), and Efficiency
 - 7.1 Invention, Innovation, and Diffusion
 - 7.2 Role of Entrepreneurs and Other Innovators
 - 7.3 A Firm's Optimal Amount of R&D
 - 7.4 Increased Profit via Innovation
 - 7.5 Imitation and R&D Incentives
 - 7.6 Role of Market Structure
 - 7.7 Technological Advance and Efficiency

- 8.0 The Demand for Resources
 - 8.1 Significance of Resource Pricing
 - 8.2 Marginal Productivity Theory of Resource Demand
 - 8.3 Determinants of Resource Demand
 - 8.4 Elasticity of Resource Demand
 - 8.5 Optimal Combination of Resources
 - 8.6 Marginal Productivity Theory of Income Distribution

- 9.0 Wage Determination
 - 9.1 Labor, Wages, and Earnings
 - 9.2 A Purely Competitive Labor Market
 - 9.3 Monopoly Model
 - 9.4 Three Union Models
 - 9.5 Bilateral Monopoly Model
 - 9.6 The Minimum Wage Controversy
 - 9.7 Wage Differentials
 - 9.8 Pay for Performance

- 10.0 Rent, Interest, and Profit
 - 10.1 Economic Rent
 - 10.2 Interest
 - 10.3 Economic Profit
 - 10.4 Income Shares

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- 11.0 Government and Market Failure
 - 11.1 Public Goods
 - 11.2 Externalities
 - 11.3 Information Failures

8. Instructional Goals

This course will introduce students to:

- 1.0 The extension of the demand and supply analysis to include the concept of elasticity and how to apply it in economic analysis, given hypothetical situations;
- 2.0 The marginal benefit and marginal cost analysis and how to apply it to consumer behavior and the behavior of the firm;
- 3.0 The different types of production costs, how to calculate them, and how to illustrate them graphically, given hypothetical situations;
- 4.0 The concept of economic profit, how to calculate it, and the vital role that it plays in the market economy;
- 5.0 The different market structures, competition, monopoly, oligopoly, and monopolistic competition, and the efficiency of each one in meeting the economic needs of the society;
- 6.0 Demand for resources, as a derived demand; the four basic types of resources (factors or inputs) of production; and how these inputs are best combined in the production process to minimize cost;
- 7.0 The concept of wage and how it is calculated; the difference between nominal and real wages; the factors that contribute to differences in wage levels in the economy; and the pros and cons of the minimum wage policy;
- 8.0 The returns to the other factors of production, namely rent, interest, and profit, and how to derive them; the important roles played by rent, interest, and profit in the economy; and factors that may influence the different levels of each one of them; and
- 9.0 The difference between public and private goods, the concept of externalities (or market failures), and how they lead to government intervention in the market place.

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9. Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1.0 Extend the demand and supply analysis to include the concept of elasticity and apply it in economic analysis, given hypothetical situations;
- 2.0 Demonstrate knowledge in the marginal benefit and marginal cost analysis and apply it to consumer behavior and the behavior of the firm;
- 3.0 Demonstrate knowledge in the different types of production costs, calculate them, and illustrate them graphically, given hypothetical situations;
- 4.0 Define economic profit, calculate it, and identify the vital role that it plays in the market economy;
- 5.0 Identify the different market structures, competition, monopoly, oligopoly, and monopolistic competition, and determine how efficient each one is in meeting the economic needs of the society;
- 6.0 Identify the demand for resources, as a derived demand; identify the four basic types of resources (factors or inputs) of production; and determine how they are best combined in the production process to minimize cost;
- 7.0 Define wage and how it is calculated; differentiate between nominal and real wages; identify factors that contribute to differences in wage levels in the economy; and explain the pros and cons of the minimum wage policy;
- 8.0 Define and calculate the returns to the other factors of production, namely rent, interest, and profit; identify the important roles played by rent, interest, and profit in the economy; and identify factors that may influence the different levels of each one of them; and
- 9.0 Differentiate between public and private goods, identify externalities (or market failures), and explain how they lead to government intervention in the market place.

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10. **Assessment Measures**

Assessment of student learning may include, but not be limited to, the following:

- 1.0 Class participation;
- 2.0 Essays;
- 3.0 Quizzes;
- 4.0 Homework;
- 5.0 In-class tests; and
- 6.0 Take home tests.