

COMMON CONTENT FOR ECON 2010: PRINCIPLES OF MICROECONOMICS

Background

The Department of Economics is accountable for the content of each of the core courses including the Principles of Microeconomics course (ECON 2010). This means that we require a common content in each of the Principles courses taught. The *minimal* required content of the ECON 2010 course is shown below. An instructor, new to the teaching of this course, might merely follow the outline of any standard economics text, as any of these will contain the content requirements listed below. The Department is, however, aware that instructors teaching this course are likely to have a comparative advantages in specific areas (e.g. industrial organization, labor, international trade, etc.), which would enable the student to have an enriched experience, in addition to absorbing the required content. Additionally, more experienced instructors might wish to employ numerous anecdotal illustrations acquired over the years, to focus on an in-depth understanding of the relatively narrow content given below. The following core concepts may be covered in any sequence that the instructor finds most effective.

Required Content of the Principles of Microeconomics Course (ECON 2010)

1. Scarcity requires that choices be made; those choices have opportunity costs.
2. Wise choices involve the use of marginal analysis by households and firms in pursuing their goals.
3. Responsiveness of quantities consumer and produced to a price change.
The market determination of prices.
4. Rational choice by households (demand and consumer surplus).
5. Rational choice by firms (supply and producer surplus).
6. Market efficiency and the total surplus (consumer surplus plus producer surplus)
7. Application of market efficiency:
International trade, like domestic trade, increases wealth by allocating existing goods to the highest-value users and by enabling productive specialization.
8. The dynamic market reacting to changed household preferences: firm entry and exit decisions and the role of profit and loss in giving us what we want in a competitive world. (Note: extent of discussion of monopolistic competition at instructor discretion).
9. Welfare loss from monopoly pricing (Note: extent of discussion of oligopoly at instructor discretion).
10. The limits to the market mechanism: externalities and public goods.