

**NEW COURSE PROPOSAL**

PROGRAM: BUSINESS/ENVIRONMENTAL SCIENCE AND RESOURCE MANAGEMENT

**1. Catalog Description of the Course.** *[Include the course prefix, number, full title, and units. Provide a course narrative including prerequisites and corequisites. If any of the following apply, include in the description: Repeatability (May be repeated to a maximum of \_\_\_ units); time distribution (Lecture \_\_\_ hours, laboratory \_\_\_ hours); non-traditional grading system (Graded CR/NC, ABC/NC). Follow accepted catalog format.]*

**ECON 310. INTERMEDIATE MICROECONOMICS (3)**

Three hours per week.

Prerequisite: ECON 110, 111 and either MATH 140 or 150.

Economic analysis of the decisions of consumers and producers. Emphasis on the theory of consumer behavior, the theory of the firm, price and output determination in various market structures, factor markets and externalities.

**2. Mode of Instruction.**

	Units	Hours per Unit	Benchmark Enrollment
Lecture	<u>3</u>	<u>1</u>	<u>20</u>
Seminar			
Laboratory			
Activity			

**3. Justification and Learning Objectives for the Course.** (Indicate whether required or elective, and whether it meets University Writing, and/or Language requirements) *[Use as much space as necessary]*

This is one of two courses which Business and ESRM students may take to fulfill an intermediate-level microeconomics requirement. This course provides the fundamental tools of modern economic analysis by delving beyond the economic mechanisms presented in introductory courses into the incentives, structures and constraints that shape economic decisions. Marginalism, the analysis of change, is an essential tool employed to derive the conditions under which the actions of consumers and producers may be considered optimal or efficient. Empirical applications highlight both the relevance of the subject matter and the variety of market structures, market types and externalities to which marginalism and economic thinking can be applied. A key element of the course is the analysis of the efficacy of markets in resource allocation. Conditions for the successful allocation of resources by the market are described. Of equal importance, those circumstances where markets fail (externalities including pollution, monopoly power, asymmetrical information, and the like) are described. Public sector solutions to these failures are analyzed. Most importantly, this course conveys the foundation of economic reasoning and provides a consistent methodology for identifying and solving economic problems.

Students who successfully complete this course will be able to:

- Identify positive and normative methods of analysis.
- Derive and interpret the optimality conditions for the constrained optimization problems faced by consumers and producers.
- Identify the key factors affecting demand and supply, and conduct comparative static analyses of changes in demand and supply conditions.
- Incorporate risk considerations as part of optimal decision-making.
- Apply fundamental economic reasoning to real-world situations, and generate logically consistent arguments regarding economic efficiency.
- Distinguish and determine the efficiency implications of various forms of market structure.
- Project the economic consequences of business decisions or policy changes from the short run to the long run.
- Identify circumstances where markets may fail and forecast likely outcomes of such failures.
- Analyze government solutions to market failures.

4. Is this a General Education Course                      YES                      **NO**

If Yes, indicate GE category:

A (English Language, Communication, Critical Thinking)	
B (Mathematics & Sciences)	
C (Fine Arts, Literature, Languages & Cultures)	
D (Social Perspectives)	
E (Human Psychological and Physiological Perspectives)	

5. Course Content in Outline Form. [Be as brief as possible, but use as much space as necessary]

*Introductory Concepts*

The Realm of Economics and the Role of Microeconomics  
Normative and Positive Analysis  
Definitions of Efficiency

*Demand and Supply*

Definitions and Key Factors: Curves versus Functions  
The Concept of Equilibrium  
Elasticity: Response to Change

*The Theory of the Consumer Choice*

Utility Maximization and Diminishing Marginal Utility  
Constraints and Constrained Optimization  
Income and Substitution Effects  
Risk and Optimal Choice

*Exchange and Efficiency*

Mutually Beneficial Exchange  
Non-price Rationing

*The Theory of the Producer*

Profit Maximization  
Production and the Law of Diminishing Returns  
The Costs of Production  
Short Run versus Long Run

*Perfect Competition*

Benchmark for Efficiency: Key Assumptions  
Consumer and Producer Surplus

*Monopoly*

Output and Pricing with Market Power  
Efficiency Implications: Deadweight Loss  
Returns to Scale and Natural Monopoly  
Regulation of Monopolies

*Monopolistic Competition and Oligopoly*

Price and Output Determinations  
Efficiency Implications: The Cost of Variety  
Strategic Interactions: Price Wars and Market Share  
Cartels and the Incentive to Collude

*Other Topics*

Public Goods, Externalities and Market Failures: Applications to Resource Management  
Input Market Analyses  
Capital Theory: Allocating Natural and Financial Resources over Time

6. References. [Provide 3 - 5 references on which this course is based and/or support it.]

Browning, Edgar and Mark Zupan. *Microeconomics: Theory and Applications*. Wiley. 2002.  
Nicholson, Walter. *Intermediate Microeconomics and Its Application, 8th Edition*. Harcourt. 1999.  
Pindyck, Robert and Daniel Rubinfeld. *Microeconomics 5th Edition*. Prentice Hall. 2000.  
Varian, Hal. *Intermediate Economics: A Modern Approach, 5th Edition*. Norton. 1999.

**7. List Faculty Qualified to Teach This Course.**

Dr. Dennis Muraoka  
Dr. Paul Rivera  
Dr. Ashish Vaidya

**8. Frequency.**

a. Projected semesters to be offered: Fall \_\_x\_\_ Spring \_\_x\_\_ Summer \_\_\_\_\_

**9. New Resources Required.**

None.

**10. Consultation.**

Attach consultation sheet from all program areas, Library, and others (if necessary)

**11.** If this new course will alter any degree, credential, certificate, or minor in your program, attach a program modification.

---

Proposer of Course

Date