CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS

NEW COURSE PROPOSAL

PROGRAM: BUSINESS

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 329. MANAGERIAL ECONOMICS (3)
   Three hours lecture per week.
   Prerequisite: ECON 110, 111 and either MATH 140 or 150.
   Development of the tools of marginal analysis and their application to managerial decisions and planning. Topics include demand analysis, production and cost, pricing and output decisions under different market structures. Product and factor markets will be analyzed.

2. **Mode of Instruction.**

	Units	Hours per Unit	Benchmark Enrollment
Lecture	3	1	25
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. The purpose of this course is to combine the theoretical foundations of modern economic analysis with the ability to apply those concepts to real-world situations. Marginalism, the analysis of change, provides an essential tool for determining the efficiency of decisions by consumers and producers, and is presented from the perspective of a resource manager and decision-maker. Methods are developed for assessing the effects of changes in market conditions on the achievement of stated objectives. Emphasis is placed on the production methodology and cost structure of firms, output and pricing decisions in both the short and long run, and the differential consequences of various market structures. Further, this course incorporates an applied component such that students are able to formulate hypotheses, execute appropriate tests, interpret results and generate forecasts using basic statistical techniques. Economic reasoning is employed broadly to address traditional business issues as well as natural resource management concerns, public policy changes or market failures. Students leave the course armed with a set of tools for identifying goals and constraints, strategies for achievement, methods for assessment, and techniques for planning and forecasting.

   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? NO

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.]*

Baye, Michael. Managerial Economics & Business Strategy 4th Ed. McGraw-Hill. 2002.

Hirschey, Mark. *Managerial Economics 10th Ed*. Thompson South-Western. 2002.

Keat, Paul and Philip Young. *Managerial Economics: Economic Tools for Today's Decision Makers 4th Ed*. Prentice Hall. 2002.

McGuigan, James, Charles Moyer and Frederick Harris. *Managerial Economics: Applications, Strategy, and Tactics 8th Ed*. South-Western. 2000.

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.

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Proposer of Course Date