



COURSE OUTLINE

ECO 103
Course Number

3
Credits

Basic Economics
Course Title

3
Lecture/Laboratory Hours

Course description:

Basic economic concepts enable students to better understand, analyze, and discuss current economic events and problems. Includes Demand, Supply, and prices, measures of Gross Domestic Product (GDP), the circular flow of income, market structures, government fiscal policy, monetary policy and the national banking system, and international trade.

Prerequisites: None

Corequisites: None

Required text:

Survey of Economics by Irving Tucker – 5th Edition

Last revised: 8/07

Course coordinator

Professor Laura Sosa, sosal@mccc.edu, x3475

Library resources:

Business Week, NY Times, Wall Street Journal, The Economist

Learning Center resources:

Tutors are available through the MCCC Learning Center.

Course goals.

The student will be able to:

- analyze the role that economic thinking and policy play in decision making for an individual consumer, firm or society.
- understand the mechanism of a competitive market economy and determine its role in setting prices and output.
- distinguish between various forms of imperfect competition in industries, such as monopoly, monopolistic competition, and oligopoly.
- calculate various measures of the health of an economy such as GDP, inflation, and unemployment
- utilizes Fiscal and Monetary tools to formulate policy decisions in order to achieve macroeconomic goals.

Course-specific goals and objectives

Units of study:

Unit I The Economic System

The student will be able to...

- define Economics.
- explain and apply the concept of the Production Possibility Curve.
- explain the four basic economic questions.
- differentiate between Micro and Macro Economics.
- explain the basic goals of an economy.
- illustrate the concept of opportunity cost.
- explain the role of Economics as a social science.

Unit II The Market

The student will be able to...

- explain the characteristics of a competitive market.
- describe the Laws of Demand and Supply.
- describe the non-price determinants of Demand and Supply.
- distinguish between the difference between quantity demanded (supplied) and a change in demand (supply).
- apply how demand and supply conditions determine prices and output.
- determine the equilibrium price and quantity.
- demonstrate how equilibrium is sustained.
- explain how market prices other than equilibrium cause shortages/surpluses.
- analyze changes to equilibrium based upon changes in demand and/or supply.
- apply market concepts to explain the price and output of specific products.
- explain the role that government plays in a market economy.
- distinguish between a market and centrally planned economy.

Unit III Firm Behavior

The student will be able to....

- apply the concept of elasticity of demand.
- illustrate examples of products with various elasticities.
- calculate and interpret the Elasticity of Demand for a product or service.
- analyze the costs incurred by a firm such as variable, fixed, average and total.
- differentiate between the short and long run.
- distinguish between explicit and implicit costs (opportunity costs).
- apply the Law of Diminishing Returns to a production setting.

Unit IV Perfect and Imperfect Competitive Models

The student will be able to...

- distinguish the characteristics between perfect competition and imperfect market models (monopolistic competition, monopoly, oligopoly).
- classify familiar firms into these models.

- calculate the pricing and output decision for each of the models above.
- differentiate between the short run and long run aspects of maximizing profits.
- demonstrate how the labor market works.

Unit V Macroeconomic Measures

The student will be able to

- define the makeup of Gross Domestic Product (GDP).
- identify the four phases of the business cycle.
- explain the link between GDP and economic growth.
- explain why income and expenditures can both be used to calculate GDP through the use of the Circular Flow model.
- calculate the Consumer Price Index (CPI).
- define and calculate inflation rates and the types of inflation.
- explain who loses and who wins from inflation.
- define and calculate unemployment rates.
- explain the four types of unemployment and the frailties of the unemployment rate.
- explain leading and lagging economic indicators.

Unit VI Fiscal Policy

The student will be able to.....

- utilize the Aggregate Demand and Aggregate Supply (AD/AS) model to determine equilibrium GDP.
- apply the AD/AS framework to formulate the appropriate fiscal policy recommendations (expansionary or contractionary policies) based on achieving full employment and price stability.
- apply the concepts of the simple, tax and balanced budget multipliers to achieve changes to GDP.
- evaluate the tools of Fiscal policy.
- interpret the history of US macroeconomic policy and the government's role.
- define budget deficits and the national debt.
- assess the concerns over the building national debt.

Unit VII US Banking System and Monetary Policy

The student will be able to

- explain the characteristics and functions of money.
- identify the M1, M2, M3 definitions of the money supply.
- illustrate the banking system of the US and the role of the Federal reserve bank.
- examine how money is created.
- discuss the three types of demand for money.
- formulate the equilibrium interest rate based on the demand and supply of money.
- calculate changes to the money supply based on the lending potential of a single bank versus the entire banking system.
- explain how the three main tools of the Federal Reserve can be used to target changes in the money supply.
- integrate knowledge of the Federal Reserve's tools to formulate monetary policy decisions (Easy versus Tight) based on the AD/AS model.

Evaluation of student learning.

Students may be evaluated based upon the following:

- 20% - Exam #1 – Unit I and II
- 20% - Exam #2 – Unit III and Unit IV
- 20% - Exam #3 – Unit V and Unit VI
- 20% - Exam #4 - Unit VI cont. and VII
- 20% Quizzes/take home assignments

Full and engaged attendance is expected and will be factored into the final grade. A half letter grade will be lowered for every three absences. Students are solely responsible for all content and announcements covered in their absence as well as acquiring distributed material. Students are also expected to arrive on time to class and are responsible for removal of any distractions (pagers, cell phones, side conversations, etc).

Academic Integrity Statement

“A student who a) knowingly represents work of other as his/her own, b) uses or obtains unauthorized assistance in the execution of any academic work or c) gives fraudulent assistance to another student is guilty of cheating. Violators will be penalized. “(Student Handbook)

Any student who has special needs because of a disability is entitled to receive accommodations. Eligible students at Mercer County Community College are assured services under the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

If you believe you are eligible for services, please contact Arlene Stinson, the Director of Academic Support Services. Ms. Stinson’s office is LB221, and she can be reached at (609) 570-3525.

James Kerney Campus students may contact Assistant Dean Donald Jones in KC216 or at (609) 570-3147.