

Chaminade University
Honolulu, Hawaii 96816

Syllabus for EC202
Principles of MicroEconomics
Instructor: Dr. Klauser
Office Hours: Daily. Office is
located in Kieffer Hall.

COURSE TITLE: Principles of Micro Economics

TEXT: Roger LeRoy Miller, Economics Today: The Micro View, 9th ed.

Supplementary readings:

Brue & Wentworth, Economic Scenes: Theory in Today's World, 5th ed.

I. COURSE OBJECTIVES: This course will introduce students to economic principles and analysis that deal with how prices allocate scarce resources among alternative uses. Specifically, we will study:

1. The interaction of supply and demand to determine market prices, and the effects of interference with the price system.
2. The theory and costs of production.
3. The pricing and output decisions by firms under various market conditions, such as perfect competition, imperfect competition, and monopoly.
4. The theory of pricing of labor collective bargaining; and distribution of income.
5. The theory of international trade.
6. The course will conclude with an analysis of when we can rely on the free market to allocate resources efficiently, and when we can not do so.

II. MAJOR ASSIGNMENTS: 1. The Department of Economics requires punctual and regular class attendance from all students enrolled in economics courses. Also, students are asked to arrange with the Instructor beforehand if for unavoidable reasons the student must leave class early.

2. Students are expected to keep up with the assigned readings, as indicated on this syllabus. In addition to the assigned readings, students should also read economic articles in our daily newspapers and magazines that deal with issues discussed in class.

Chaminade University

O F H O N O L U L U

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Attendance

Students are expected to attend regularly all courses for **which** they are registered. They should notify their instructors when illness **prevents** them from attending class and make arrangements to complete missed assignments. **When** illness or personal reasons necessitate continued absence, the student should withdraw officially from all affected courses. Anyone who stops attending a course without official withdrawal may receive a failing grade.

Three or more unexcused absences may lead to a **grade** reduction for the course.
Long-term unexcused absence may lead to loss of financial aid. Any absence of two weeks or more must be reported to the Dean of Arts and Sciences and the Registrar by the instructor. Federal regulations require continued attendance for continuing payment of financial aid. If attendance is not continuous, **financial** aid may be terminated.

Grades

Letter grades are given in all courses except those taken on a **credit/no credit** basis. Grades are calculated from the student's daily work, class participation, **quizzes**, tests, term papers, reports, and the final examination. They are interpreted as follows.

- A Outstanding scholarship and an unusual degree of intellectual initiative.
- B Superior work done in a consistent and **intellectual** manner.
- C Average **grade** indicating a competent grasp of subject matter.
- D inferior work of the lowest **passing** grade, is not satisfactory for fulfillment of prerequisite coursework
- F Failed to grasp even the **minimum** subject matter; no credit given.
- FA Failure due to **absence**.
- P **Satisfactory** completion of course.
- W Withdrawal before published deadline.

11. GRADING POLICY: The grading policy of Chaminade University as stated in the General **Catalog** will be followed.

Grades will be based on the following:

1st Test	100 Points
2nd Test	100 Points
3rd Test	100 Points
Final Examination	100 Points

TOTAL 400 Points*

* 5 Points will be subtracted for each unexcused class absence, or lateness.

Students are encouraged to meet with the Instructor in his office to discuss problems they may have with their studies. The Instructor is available daily. His office is located in Kieffer Hall. Office telephone extension is 611. **(Phone:739-4611).**

Aug 31

Introduction to Economics: What does economics deal with?
Why do we have an economic problem? First Law of
Economics: THE LAW OF SCARCITY.

Assignments: Miller Ch. 1, **pp.3-15**. Also read the little
booklet: Your Economic Life that comes with your text.

Throughout the semester, the student should study the
assignments in the Miller text carefully. In particular,
read carefully the Discussion of Preview Points at the
end of each chapter. The preview points, in addition to
helping you learn economics, should help you to learn how
to write essay answers to economic questions.

Supplementary readings Brue and Wentworth, Ch.1. (Brue
and Wentworth is on reserve in the Library).

Sep2

What economic problem does every society face?

Assignments: Miller, Ch. 2, **pp.17-35**. (If you are weak on
reading and working with graphs, study Appendix A pp.38-
44).

Brue and Wentworth, **Ch.2**. (On reserve in the library).

Sep 9

What are the various economic systems by which the three
basic economic problems can be **resolved**?

Assignments: Miller Ch. 6, pp. 116-136.

Sep 11

What type of economic system do we have in the United
States? Why do we not have a laissez faire economic
system?

Assignments: Brue and Wentworth **Ch.3**.

Sep 14

How do prices come about in a market economic system?

Sep 16

What is the Law of Supply and Demand?

Assignments: Miller Ch. 3, **pp.45-71**.

Sep 18

Application of the Law of Supply and Demand.

Sep 21

Assignments: Miller **Ch.4**, pp. 73-93. Brue and Wentworth,
Ch.4. And the exercises that will be given out in class.

Sep 23

Theory of Consumer Behavior: The Law of Diminishing

Sep 25

Marginal Utility:

Assignments: Miller Ch. 19, **pp.413-427**. And the exercises
that will be given out in class.

Sep 28

Price Elasticity of Demand and Price Elasticity of Supply

Sep 30

Oct 2

Assignments: Miller **Ch.20**, **pp.439-459**; and Brue and
Wentworth **Ch.5**. And exercises that will be given out in class.

Oct 5

FIRST TEST

II. THE PRODUCT MARKET

Oct 7 The Organization of Firms.

Assignments: Miller **Ch.21, pp. 461-477.**

Oct 9 Principles of Production, and Costs of Production.

Oct 14

Oct 16 Assignments: Miller **Ch. 22, pp.481-507.** And exercises
that will be given out in class.

Oct 19 Analysis of Perfect Competition.

Oct 21

Assignments: Miller **Ch.23, pp.508-530** and exercises that
will be given out in class.

Oct 23 Analysis of Monopoly.

Oct 26

Assignments: Miller **Ch.24, pp.533-554** and exercises that
will be given out in class.

Oct 28 Analysis of Imperfect Competition: Monopolistic

Oct 30 Competition and Oligopoly.

Nov 2

Assignments: Miller **Ch. 25, pp.557-581.**

Nov 4 SECOND TEST

III. THE LABOR MARKET

Nov 6 Analysis of the Labor Market under Competition.

Nov 9

Nov 13 Assignments: Miller **Ch.27 pp.605-626; and pp.639-645.**

Nov 16 Unions and Collective Bargaining

Nov 18

Assignments: Miller **Ch.28, pp.628-638.**

Nov 20 Income Distribution and Poverty.

Nov 23

Assignments: Miller **Ch. 30, pp.666-692.**

Nov 25 THIRD TEST

IV. THE INTERNATIONAL TRADE SECTOR

Nov 30 Should nations trade with each other? What is the Law of Comparative Advantage?

Dec 2 What are the results of trade restrictions such as tariffs and quotas?

Dec 4 What are: WTO; NAFTA; APEC; EC; IMF; World Bank?

Assignments: Miller Ch. 33, pp.733-750. Also read the booklet on international trade and finance that will be given out in class.

V. MARKET FAILURES

Our national micro-economic goals are to achieve efficient allocation of our scarce resources. (Pareto Optimum). In this final section of our course, we will study when we can rely on the free market (*laissez faire* market) to achieve efficient allocation of resources from society's point of view, and when we can **NOT** rely on the free market to achieve efficient allocation of resources (Pareto Optimum)?

A good introduction to the role of government in our economy is provided by Miller Ch. 5, pp.95-114. Read these pages as an introduction to the economic functions of government.

Dec 7 Market failures due to Monopoly and public policy options to deal with this market failure.

Assignments: Miller Ch. 26, pp.583-600.

Dec 9 Market failures due to Consumer lack of information and public policy options to deal with this market failure.

Assignments: Will be assigned in class.

Dec 9 Market failures due to Public Goods and public policy options to deal with this market failure.

Assignments: Brue and Wentworth Ch. 11.

Dec 11 Market failures due to Externalities and public policy options to deal with this market failure.

Assignments: Miller Ch. 31, pp. 694-709.

Do **Writing Assignment #15: Due**

Public Choice theory and issues dealing with government involvement in our economy.

Assignments: Miller Ch. 32, pp.711-728.

Wed Dec 16 FINAL EXAMINATION
10:30 to 12:30

Oct 16 The Real World of Imperfect Competition and Oligopoly--how does
Oct 18 it compare with perfect competition and monopoly?

Assignments: Slavin Text Chapter 22 and workbook questions for ch.22
Slavin Text Chapter 23 and workbook questions for ch.23
Slavin Text Chapter 25

Oct 21 SECOND TEST

THE LABOR MARKET

Oct 23 How should the value of production be distributed among the factors-
Oct 25 of-production: According to contribution? According to Need?
Oct 28 According the Collective Bargaining?

The Economics of the Labor Market: The Marginal Productivity Theory

Assignments: Slavin Text Chapter 26 and do the problems that will
be assigned in class.

The Economics of the Labor Market: Labor Unions and Collective Bar-
gaining.

Oct 30
Nov 1 Assignments: Slavin Text Chapter 27 pp.565-578
Nov 4

THIRD TEST

Nov 6

THE INTERNATIONAL TRADE AND FINANCE SECTOR

Oct 8 Should Nations trade with each other? Why? What is the Law of
Oct 13 Comparative Advantage? What are the results of tariffs and quotas?
Oct 15 Why do nations impose trade restrictions? What is the EC? GATT?

Assignments: Slavin Text Chapter 30.; and B & W Ch.21 pp.267-274.

Oct 18 What are the Balance-of-Payments? What is meant by Balance-of-Trade?
Oct 20 Who determines foreign exchange rates? How do exchange rates
Oct 22 affect exports and imports? What is the IMF? IBRD?

Assignments: Slavin Text Chapter 31.; and E & W Ch.21 pp.275-278 and

MARKET FAILURES

Oct 25
Oct 27 When Can We Rely on the Free Market to Achieve Efficient Allocation
Dec 2 of Resources, and When Can We Not do so?

Dec 4 What Should be done in cases of market failures due to monopoly?
friction? externalities? public goods?

Assignments: Slavin Text Chapter 24 and Ch. 25; and B & W Ch.11
-- and answer two questions on Dace 150.

Dec 12 FINAL EXAMINATION.

10:30 to 12:30

No early examination please!