

Chaminade University
Honolulu, Hawaii 96816

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

Hy

COURSE TITLE: Principles of Micro Economics

TEXT: Roger LeRoy Miller, Economics Today: The Micro View 1999-2000 ed.

Supplementary readings:

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

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.



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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 **Records Office** 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, not satisfactory for **fulfillment** of prerequisite course work
- 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.
- I Did not complete a small portion of the work or **final** examination due to circumstances beyond the student's control
- IP In Progress; primarily used for thesis completion.

AU Audit.

CR/NC Credit/no credit.

The issuance of an "I" grade is not automatic. Prior to reporting of grades a contract must be made between the student and the instructor for the completion of the course. Sufficient time **should** be allowed to permit completion of the work, evaluation, and reporting of the final grade **within 90 days after the end** of the **semester or term**. This limit may not be extended. If a new grade for the course is not submitted by the instructor prior to the deadline, the alternate grade indicated in the contract **will** be recorded.

3. Students are **expected** to do the homework **assignments** and take the tests and examinations as scheduled. Exceptions are **allowed** only if the student gets the Instructor's **permission**

III. 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 from your total points 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 61.1. (Phone **739-4611**).

1999

Jan 11 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.3-16. Also read the little booklet: Your Economic Life, that comes with your text (if you bought a new text).

The Miller Economics Today Web site: www.econtoday.com, provides on-line student quizzes and practice exams. Students are urged to use this learning tool.

Jan 13 What economic problems does every society face?

Assignments: Miller Ch.2 pp.17-44. Brue & Wentworth Ch2 (On Reserve in the Chaminade Library).

Jan 15 What are the various economic systems by which the three basic economic problems can be resolved?

Assignments: Miller Ch. 6 pp.116-138.

Jan 20 What type of economic system do we have in the U.S.? Why do we not have a **laissez faire economic system anymore?**

Assignments: Brue & Wentworth Ch.3 (On Reserve in the Library).

Jan 25 How do prices come about in a market economic system? What is the Law of
Jan 27 Demand and Supply?

Assignments: Miller Ch. 3 pp.45-72.

Jan 29 Application of the Law of Demand **and** Supply.
Feb 1

Assignments: Miller Ch. 4 pp.73-93. Brue & Wentworth ChA.
Also do the homework exercises that will be given out in class.

Feb 3 Theory of Consumer Behavior: The Law of Diminishing Marginal Utility.
Feb 5

Assignments: Miller Ch. 19 pp.413-428.
Also do the homework exercises that **will** be given out in class.

Feb 8 Price Elasticity of Demand and Price Elasticity of Supply.
Feb 10
Feb 12

Assignments: Miller Ch.20 pp.439-460. Brue & Wentworth Ch.5.
Also do the homework exercises that will be given out in class.

Feb 17 **FIRST TEST**

II. THE PRODUCT MARKET

Feb 19

The Organization of Firms.

Assignments: Miller **Ch.21** pp. 461-478.

Feb 22

Principles of Production and Costs of Production.

Feb 24

Feb 26

Assignments: Miller Ch. 22 **pp.481-507.**

Also do the homework exercises that will be given out in class.

Mar 1

Analysis of Firm's behavior under Perfect Competition.

Mar 3

Assignments: Miller **Ch.23** pp.508-532.

Also do the homework exercises that will be given out in class.

Mar 5

Analysis of Firm's behavior under Monopoly.

Mar 8

Assignments: Miller **Ch.24** pp.533-556.

Also do the homework exercises that will be given out in class.

Mar 10

Analysis of Imperfect Competition: Monopolistic Competition and Oligopoly.

Mar 12

Assignments: Miller Ch. 25 **pp.557-582.**

Mar 15

SECOND TEST

III. THE LABOR MARKET

Mar 17

Analysis of the Labor Market.

Mar 19

Mar 29

Mar 31

Assignments: Miller Ch. 27 **pp.605-627** and **pp.639-643.**

Apr 5

Unions and Collective Bargaining.

Apr 7

Assignments: Miller **Ch.28** pp.628-638 and **pp.644-648.**

Apr 9

Income Distribution and Poverty.

Apr 12

Assignments: Miller Ch. 30 **pp.666-693.**

Apr 14

THIRD TEST

IV. THE INTERNATIONAL TRADE

- Apr 16 Should nations trade with each other? What is the Law of Comparative Advantage?
- Apr 19 What are the results of trade restrictions such as tariffs and quotas?
- Apr 21 What are: WTO; NAFTA; EU; IMF; World Bank?

Assignments: Miller Ch. 33, pp.733-752. 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 fatal *section* of our course, we will study *when* we *can* rely *on the free 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.95-115**. Read these pages as an introduction to the economic functions of government.

- Apr 23 Market failures due to Monopoly and public policy options to deal with this market failure.

Assignment: Miller Ch. 26 pp.583-601.

- Apr 26 Market failures due to Consumer lack of information and public policy options to deal with this market failure.

Assignments: Will be assigned in class.

- Apr 26 Market failures due to Public Goods and public policy options to deal with this market failure.

Assignments: Brue & Wentworth Ch. 11.

- Apr 28 Market failures due to Externalities and public policy options to deal with this market failure.

Assignments: Miller Ch. 31 pp.694-710.

- Apr 30 Public Choice Theory.

Assignments: Miller Ch. 32 pp.711-730.

FINAL EXAMINATION

May 5
10:30 to
12:30 A