

**University of Hawaii at Manoa
Department of Economics**

**Economics 130 (001)
Principles of Microeconomics
10:30-11:45 AM TR, SPAL 155
Spring 2009
January 12-May 15, 2009**

Instructor: Archi Gatchalian
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Office Hours: 1:30-2:30 PM, TR, or by appointment
Saunders 537

Teaching Assistant: B.J. (William, Jr.) Awa
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Office Hours: 12-2 PM, Tuesdays, or by appointment
Saunders 525

Course Description: This course introduces you to microeconomic analysis. The course will examine how households/consumers/individuals, firms, and the government make decisions individually and how their interactions. It is designed to provide the students with tools to understand various microeconomic topics, such as: how markets work (i.e. determination of prices, elasticity, efficiency of markets); consumer maximizing behavior; firm maximizing behavior and the different types of markets; and what the government can do if there are market imperfections. Applications of microeconomic theory to real-world situations, such as taxation and international trade, are also explored.

Course Objectives: At the end of this course, the student must be: 1) familiar with general economic and microeconomic terminology, concepts, and theories; 2) adept with the use of graphs and equations in analyzing general economic and microeconomic problems; and 3) able to exercise logical economic reasoning by using microeconomic concepts and theories to analyze real-world situations and events.

Resources:

- 1) **Required text:** N. Gregory Mankiw, Principles of Microeconomics, 5th edition, 2008.
- 2) **Required on-line component:** *Aplia* (www.aplia.com) – see below for registration and payment information.

Resource Purchasing Options

- a) Purchase a new textbook at the UH bookstore. At the UH bookstore, new texts are **not** bundled with *Aplia*.
 - If you choose this option, you must also purchase an *Aplia* student access code for \$70 that comes with digital access of the textbook up until the end of this course (see registration instructions below).
 - Cost of option (a): price of your textbook + \$70.
- b) Purchase a new textbook from the *Aplia* website (www.aplia.com). At the *Aplia* website, new texts are bundled with *Aplia*. Shipping of the physical textbook takes 3-5 business days.
 - If you choose this option, you do not need to purchase anything else (purchase of the physical textbook through *Aplia* also comes with digital access of the textbook up until the end of this course; see registration instructions below).
 - Cost of option (b): \$120 for physical textbook bundled with *Aplia* access + \$7.50 shipping fee.
- c) Purchase a used textbook.
 - If you choose this option, you must also purchase an *Aplia* student access code for \$70 that comes with digital access of the textbook up until the end of this course (see registration instructions below).
 - Cost of option (c): price of your used textbook + \$70
- d) Purchase access to a digital copy of the textbook via *Aplia* for \$70. Although it is cheaper than purchasing a hard copy of the text, you will only have access to the electronic version until the end of our course. However, you can print the digital textbook through your *Aplia* account.
 - If you choose this option, you do not need to purchase anything else.
 - Cost of option (d): \$70

***Aplia* Registration**

If you have never used *Aplia* before:

- a) Connect to <http://www.aplia.com>.
- b) Click the New Student link and enter your Course Key: **L3FP-MYAU-6ZH7**. Continue following the instructions to complete your registration.

If you have used *Aplia* before:

- a) Connect to <http://www.aplia.com>.
- b) Sign in with your usual e-mail address and password and enter your Course Key when prompted: **L3FP-MYAU-6ZH7**. If you are not prompted for a new Course Key, click the Enter Course Key button to enroll in a new *Aplia* course. Enter your Course Key when you are prompted.

*You will have different payment options after you register for your course. If you choose to pay later, you can use *Aplia* without paying until 11:59 PM HST on 02/02/2009.*

Requirements and Grading Policy:

Midterm and Final Exams. There will be 4 exams in this class, including a cumulative final exam. The three midterm exams and the final exam will all comprise 70% of the final grade. Most questions will be in true-or-false and multiple choice formats. However, essay and problem solving questions may also be asked. The exams are designed to test your analytical skills on the topics discussed in class rather than your ability to memorize concepts, ideas, and terms. Though the reasoning stays the same, the questions should not be usually taken at face-value from the lectures given. Thus, logical and economic reasoning are essential tools you will need in hurdling the exams. It is required that you bring the following for the midterm and final exams: an identification card (i.e. UH ID, State ID, Driver's license), No. 2 pencil/s, and a calculator. No borrowing of calculators will be allowed and a cell phone cannot be used as a substitute for a calculator. NO MAKEUP EXAMS will be given out to substitute for missed ones for whatever reason so plan accordingly.

Unannounced Quizzes. There will be 5-8 unannounced quizzes during the course of the semester. These can be distributed at any time during the class. This strategy is targeted to reward students who come to class to listen to my lectures. True or false and multiple choice questions will be common in these short quizzes. The unannounced quizzes will comprise 15% of the final grade. NO MAKEUP QUIZZES will be given out to substitute for missed ones for whatever reason. However, nondiscriminatory unannounced bonus quizzes will be given out in class.

Online Homework. Finally, online homework problem sets will be assigned toward the end of the discussion of each chapter covered in the book. The online homework is due on the date indicated on the Aplia course website. It is your responsibility to check the Aplia website to know whether there is/are online homework due for the week. However, I will also try to conscientiously announce assigned online homework when they are posted. They will be made available on Tuesdays and are due on Sundays 11:00 PM Hawai'i Standard Time (HST). If no online homework is assigned before 11:00 PM HST on Tuesdays, do not expect an online homework to be assigned for that week. You may begin an assignment at anytime after it becomes available. To familiarize you on how to use Aplia, the first homework shows you how to use online problem sets in Aplia. It also includes a description of practice, graded at deadline, and Grade It Now problems. NO MAKEUP ONLINE HOMEWORK will be given out to substitute for missed ones for whatever reason. However, nondiscriminatory bonus online homework will be assigned and will be announced in class as they become available.

Grading System:

First, Second, and Third Midterm Exams (15% each exam)	45%
Cumulative Final Exam	25%
Unannounced In-Class Quizzes	15%
Homeworks/Online Quizzes	15%

*I will use +/- grade notation in this class but I will not assign C-, D+, and D- grades. Hence, only A+, A, A-, B+, B, B-, C+, C, and F grades will be awarded.

Classroom Behavior: As educated adults, I expect everyone to behave accordingly in the classroom. More specifically, the following are not allowed in this class/classroom:

1. consistent tardiness;
2. sleeping;
3. eating of crunchy and smelly food
4. usage of mobile phones, iPod, and hand-held electronic games;
5. talking aloud; and
6. laughing with no evident reason.

If, for any reason, you cannot avoid to do all of the above while inside the classroom, you are advised to leave so that I can do my job effectively.

Course Communication

All course communication will be done via *Aplia*. Lecture slides, grades, homework answer keys and announcements will all be posted on the course website. Please check for announcements daily. In the event of a pressing announcement, an email will be sent to your @hawaii.edu email address (however your email address will not be displayed).

Help

Please do not hesitate to come to the office hours provided above or to set an appointment for any help that you may need regarding this course. You are advised to see your teaching assistant or me as soon as help is needed.

B.J. will also hold review sessions before the midterm and final exams. Upon request, he may also hold group review sessions after the midterm exams or at any time.

Important Dates:

First Day of Instruction	January 12, Monday
Holiday: Martin Luther King Jr. Day	January 19, Monday
Last Day to Drop Courses	January 20, Tuesday
Last Day to Register/Change Grade Option	January 21, Wednesday
First Midterm Exam	February 12, Thursday
Holiday: President's Day	February 16, Monday
Second Midterm Exam	March 12, Thursday
Last Day for Restricted Withdrawals	March 13, Friday
Spring Recess	March 23-27, Monday-Friday
Holiday: Kuhio Day	March 26, Thursday
Holiday: Good Friday	April 10, Friday
Third Midterm Exam	April 16, Thursday
Last Day of Instruction	May 6, Wednesday
Final Exam	May 14, Thursday

Course Coverage

Introduction to Economics

- I. Ten Principles of Economics; Chapter 1
 - A. How People Make Decisions
 - B. How People Interact
 - C. How the Economy as a Whole Works
- II. Thinking Like an Economist; Chapter 2
 - A. The Economist as Scientist
 - B. The Economist as Policy Adviser
 - C. Why Economists Disagree
 - D. APPENDIX - Graphing: A Brief Review (*for self-study*)
- III. Interdependence and the Gains from Trade; Chapter 3
 - A. A Parable for the Modern Economy
 - B. Comparative Advantage: The Driving Force of Specialization
 - C. Applications of Comparative Advantage

How Markets Work

- IV. The Market Forces of Supply and Demand; Chapter 4
 - A. Markets and Competition
 - B. Demand
 - C. Supply
 - D. Supply and Demand Together
- V. Elasticity and Its Application; Chapter 5
 - A. The Elasticity of Demand
 - B. The Elasticity of Supply
 - C. Applications of Supply, Demand, and Elasticity
- VI. Supply, Demand, and Government Policies; Chapter 6
 - A. Controls on Prices
 - B. Taxes

***First Midterm Exam: February 12, Thursday
Tentative Coverage: Chapters 1-6***

Markets and Welfare

- VII. Consumers, Producers, and the Efficiency of Markets; Chapter 7
 - A. Consumer Surplus
 - B. Producer Surplus
 - C. Market Efficiency

- VIII. Application: The Costs of Taxation; Chapter 8
 - A. The Deadweight Loss of Taxation
 - B. The Determinants of the Deadweight Loss
 - C. Deadweight Loss and Tax Revenue as Taxes Vary

- IX. Application: International Trade; Chapter 9
 - A. The Determinants of Trade
 - B. The Winners and Losers from Trade
 - C. The Arguments for Restricting Trade

Firm Behavior and the Organization of Industry

- X. The Costs of Production; Chapter 13
 - A. What Are Costs?
 - B. Production and Costs
 - C. The Various Measures of Cost
 - D. Costs in the Short Run and in the Long Run

Second Midterm Exam: March 12, Thursday Tentative Coverage: Chapters 7-9 and 13

- XI. Firms in Competitive Markets; Chapter 14
 - A. What is a Competitive Market?
 - B. Profit Maximization and the Competitive Firm's Supply Curve
 - C. The Supply Curve in a Competitive Market

- XII. Monopoly; Chapter 15
 - A. Why Monopolies Arise
 - B. How Monopolies Make Production and Pricing Decisions
 - C. The Welfare Cost of Monopolies
 - D. Price Discrimination
 - E. Public Policy Toward Monopolies

- XIII. Monopolistic Competition; Chapter 16
- A. Between Monopoly and Perfect Competition
 - B. Competition with Differentiated Products
 - C. Advertising

***Third Midterm Exam: April 16, Thursday
Tentative Coverage: Chapters 14-16***

- XIV. Oligopoly; Chapter 17
- A. Markets with Only a Few Sellers
 - B. The Economics of Cooperation
 - C. Public Policy Toward Oligopolies

The Economics of the Public Sector

- XV. Externalities; Chapter 10
- A. Externalities and Market Inefficiency
 - B. Public Policy Toward Externalities
 - C. Private Solutions to Externalities
- XVI. Public Goods and Common Resources; Chapter 11
- A. The Different Kinds of Goods
 - B. Public Goods
 - C. Common Resources

***Cumulative Final Exam
May 14, Thursday: 9:45-11:45 AM***