ATENEO DE MANILA UNIVERSITY
LOYOLA SCHOOLS

COURSE SYLLABUS

Course Number  EC102
Title           BASIC ECONOMICS, AGRARIAN REFORM, AND TAXATION
Department      ECONOMICS
School          SCHOOL OF SOCIAL SCIENCES
Semester and School Year  SECOND SEMESTER OF SCHOOL YEAR 2015-2016
Number of Units 3
Faculty         DR. CIELITO HABITO / MR. JAN FREDRICK CRUZ
Schedule and Venue T-TH 2:00 PM – 3:30 PM / CTC-416

A. COURSE DESCRIPTION

EC-102 aims to familiarize the student with the economic sphere of society. Supply-and-demand analysis and model-based thinking are the main guides to explain economic phenomena. The microeconomic part of the course surveys consumer behavior and theory of the firm. Government intervention is explored in the discussion on market failures. The macroeconomic part focuses on economic growth, inflation, and employment. Government intervention is introduced via monetary and fiscal policy.

B. LEARNING OUTCOMES

Content
1. Define all key concepts and principles as listed in this syllabus
2. Identify the methodology used in the study of economics
3. Compare and contrast the different market structures
4. Evaluate Philippine macroeconomic fundamentals and determine their policy implications

Skills
1. Analyze demand and supply functions, and compute equilibrium price and quantity values, as well as elasticity concepts
2. Apply the basic supply-demand model to explain real-world events, including effects of government policies
3. Compute and interpret macroeconomic indicators
4. Analyze how monetary and fiscal policies affect households and firms

Attitude
1. Discuss market failures by giving examples based on their experiences and observations in the Philippine economy
2. Examine contemporary economic issues affecting Philippine society and the global economy

C. COURSE OUTLINE

January 19 Schola Brevis

Expectations setting; requirements; readings; policy on absences; index card
January 21  
**ECON: Introductory Concepts (De Guzman et al. Chapters 1-2) [Samuelson and Nordhaus Chapter 1]**

Nature of economics; economics as a social science; positive vs. normative economics; economic cost as opportunity cost; the no-free lunch principle; the production possibilities frontier; scarcity, choice, and increasing costs; cost-benefit analysis as a basis for rational choice


January 26  
**ECON: Economic Organization (1-2) [1-2]**

Capitalism vs. socialism; planned vs. market economy; circular flow model; overview of demand-and-supply forces and price determination


January 28  
**ECON: Demand and Supply (3) [3]**

Principle of demand; movement along the demand curve; factors that shift the demand curve; principle of supply; movement along the supply curve; factors that shift the supply curve; market equilibrium; changes in demand and supply


February 2, 4  
**ECON: Elasticity (4) [4]**

Price elasticity of demand; elasticity and total expenditure/total revenue; tax incidence; sales tax; corporate tax; excise tax; value-added tax; cross-price elasticity of demand; income elasticity of demand


February 9  
**MICRO: Consumer Behavior (5) [5]**

Definition of microeconomics; utility measure and maximization; diminishing marginal utility; rational consumer choice; equimarginal principle; deriving the demand curve; equity and income distribution


February 11  
**MICRO: Behavioral Economics**

The paradox of choice; heuristics; default options; the effect of zero-priced goods; critique of opportunity cost; marketing examples

February 16, 18  
**MICRO: Production and Costs (6) [6-7]**

Factors of production; production function and production efficiency; technological choices; short-run and long-run production decisions; total, average, and marginal products; law of diminishing returns/diminishing marginal product; economic costs vs. accounting costs; short-run costs: fixed and variable costs; total, average, and marginal costs; long-run costs; economies and diseconomies of scale


February 23, March 1  
**MICRO: Perfectly Competitive Markets (7) [8]**

Assumptions; total, average, and marginal revenues; short-run profit maximization and optimal production in a competitive market; production at a loss; the shutdown condition; deriving the firm’s supply curve


March 1, 3  
**MICRO: Market Concentration (7) [9-10]**

Total, average, and marginal costs of a monopoly firm; monopoly profit; deadweight loss; oligopolies and cartels; monopolistic competition; industry barriers to entry; metrics to identify market concentration; natural monopolies and oligopolies; regulation and deregulation policies

Mendoza et al., 248-277.

March 8  
**LONG TEST**

March 10, 15  
**MICRO: Asymmetric Information**

Asymmetric information; market for lemons; adverse selection and moral hazard; financial intermediation; asymmetric information in the banking industry; micro-credit


March 17  
**MICRO: Externalities**

Positive and negative externalities; public goods; specific and ad valorem tax; subsidies; urban transportation issues


March 22  
**MICRO: The Healthcare Sector as Case Study**

Re-cap of asymmetric information and externality lectures

March 29

**MACRO: Economic Output (9-10) [19-20]**

Definition of macroeconomics; Gross Domestic Product; income, expenditure, and value-added approaches; measurement of Consumer Price Index; CPI vs. GDP deflator; nominal and real GDP


March 31

**MACRO: Economic Growth (10) [25-26]**

*Growth accounting; technological progress*

Maddison, 75-99.

April 5

**MACRO: Inflation [30]**

*Inflation and deflation; cost-push and demand-pull inflation; hyperinflation; definition and properties of money; fiat money*


April 7

**MACRO: Monetary Policy (12-17) [24]**

*Role of the central bank; fundamentals of monetary policy; interest rates; investment*

White and Schuler, 213-222.

April 12, 14

**MACRO: Unemployment [29]**

*Employment, unemployment, and underemployment; cyclical, structural, and frictional unemployment; seasonal unemployment; unemployment from labor rigidity; unemployment from efficiency wage; labor reform; minimum wages*

Esguerra, Emmanuel. “Searching for the balance between flexibility and workers’ security.” DLSU-Angelo King Institute Policy Brief No. 6 (De La Salle University-Manila, 2011).

April 14, 19

**MACRO: Fiscal Policy (12-17) [21-22]**

*Consumption function; Keynesian multiplier model; pump Priming; budget deficits; war economies; fiscal stabilizers; income and wealth taxes; progressive and regressive taxation*


April 21, 26

**ECON: Monetary Poverty (10)**

*Monetary poverty; poverty thresholds; growth elasticity of poverty; inequality; Lorenz curve; Gini*

April 26, 28

ECON: Other Measures of Poverty (10)

Capabilities approach; Human Development Index; exclusion approach of poverty; agrarian reform as social justice issue

Durano, 79-116.

May 3

LONG TEST

D. REQUIRED READINGS

All readings are accessible here: bit.ly/ateneoecon.

E. SUGGESTED READINGS


F. COURSE REQUIREMENTS

Short quizzes. Each session begins with an objective short quiz. For the sessions handled by Mr. Cruz: The questions come from the assigned reading. Sometimes an item or two will be based from the previous lecture. For the sessions handled by Dr. Habito: The quiz stems from the previous lecture. The score only assumes a whole number value of 0, 1, 2, 3, or 4. Double-value quizzes happen on Thursdays. Bonus quiz questions are given on occasion. Participation to certain activities can be recorded as a bonus quiz, with a score of 2. Unexcused absence merits a 0. Each student should have a filler notebook by the second day of class. On the front cover of the notebook should be the complete name of the student and the class code (EC102 SECTION G).

Recitations. Students are asked to recite during class discussion on a random basis. For the sessions handled by Mr. Cruz: The material for recitation are (a) the discussion of the present and previous four lectures, and (b) the assigned reading. For the sessions handled by Dr. Habito: The questions arise from the present lecture. A satisfactory answer yields a 4; an unsatisfactory one, 1. What is “satisfactory” or not is the discretion of the instructor. Unexcused absence gets a 0.

Long Test. The student is given an 80-point examination, to be accomplished within two hours. The test comprises three parts: definition and enumeration, computation, and short essay.

Lecture Notes. The class is divided into groups, each group assigned as the official note-taker for a given session. The notes should be uploaded 24 hours after the end of class to get a score of 4. Failure to do so means 0. The lecture note, which should be at least one page, follows this format:

A. Topic
B. Reading
C. Key Terms and Definitions
D. Summary of Discussion
E. Examples

G. GRADING SYSTEM

The overall numerical grade is computed as 50% mean short quiz score, 15% mean recitation score, 15% of (score of first long test ÷ 20), 15% of (score of second long test ÷ 20), and 5% lecture-note grade. The numerical
grade is then changed to a letter-grade: A, 4.00-3.850; B+, 3.849…-3.500; B, 3.499…-3.000; C+, 2.999…-2.500; C, 2.499…-2.000; D, 1.999…-1.000; F, below 1. The resulting letter-grade is the final grade.

**H. CLASS POLICIES**

**ALL STUDENTS SHOULD COME TO CLASS PREPARED.**

**Readings.** Presence in class is a public declaration that the student read the assigned reading. The student is not required to read the textbooks.

**Gadgets and electronic devices.** Mobile phones should be turned off or in silent mode. No electronic device should be seen by the instructor as the lecture proceeds. Recording the lecture via any device is strictly prohibited. Violation merits a 0.10 deduction from the numerical grade. If the instructor hears a mobile phone ring, and nobody admits culpability, everyone in the class gets a 0.05 deduction from the numerical grade.

**Non-class-related activities.** Any activity not related to the class discussion is prohibited. This includes doing homework/project for the student’s other class. Sleeping is permitted provided that the student sits on the last row of seats. Violation merits a 0.10 deduction from the numerical grade. Nobody is allowed to speak to anyone unless with permission from the lecturer. Anyone who is caught making unnecessary chat with his seat-mate will be asked to leave the classroom.

**Excused absences.** In cases of bereavement, the student should leave a letter of excuse to the class beadle prior to the former’s absence. In cases of sickness, the student must email the instructor and, in his next appearance to class, submit a medical certificate/letter signed by the family doctor to the class beadle. For other reasons of absence, the student must request clearance from ADSA. Absences due to family vacations are not accepted. The excused student has the option (a) to take the missed quizzes, or (b) to request the missed quizzes and recitations be stricken off from the class record.

**Class beadle.** The class beadle regularly prepares a laptop for use in class lectures. He is the one assigned to reserve a classroom for make-up classes. The beadle gives a signal to the instructor whenever there is five minutes left, and one minute left, before the session ends. He manages the FB Group where the class lectures are uploaded and takes note each lecture-note’s time of submission. His efforts are rewarded with a 0.20 addition to his numerical grade.

**Index card.** The student should submit an index card on the second day of class that contains the following information:

(Front)

NICKNAME
Surname, Complete First Name
Year and Course
Email Address
Mobile Phone Number
Membership to Student Organizations (include positions)

(Back)

Class Schedule (include the name of professors)

**Syllabus.** Attendance in class is a public declaration that the student abides by the rules set forth by this syllabus.

**I. CONSULTATION HOURS**

The student should schedule an appointment via email. This is the available schedule for consultation: T-TH 9:30AM–12:00NN; 3:30PM–6:00PM.
As in the Olympic Games it is not the most beautiful and the strongest that are crowned but those who compete (for it is some of these that are victorious), so those who act win, and rightly win, the noble and good things in life.

--Aristotle, Nicomachean Ethics