Economics 301: Principles of Microeconomics

Anthony P. Andrews, Ph.D., Instructor

Office Hours:
Wednesday 9:00 a.m.-6:00 p.m.
Or by appointment (See Schedule)

E-mail address:
a-andrew@govst.edu

Course Background:

Economics 301 is a one-trimester course in Principles of Microeconomics. The course investigates the elements of prices theory: theory of the consumer and firm, product and resource markets, issues in modern microeconomic theory, and a brief entry into international trade.

Texts:

Readings: Available during the course.

Expected Student Outcomes:

Upon completion of this course, the student should be able to (1) describe the neo-classical paradigm in microeconomics; (2) understand concepts of supply, demand, and market equilibrium; (3) calculate the various types of elasticity; (4) differentiate between consumer equilibrium and types of equilibrium for the firm; (5) calculate, graph and explain production in the short and long run; (6) utilize the theory to investigate microeconomic issues, problems and applications; and (7) discuss the basis for trade and models used to describe international trade and development patterns.

Institutional Modalities/Activities:

The course will consist mainly of lectures and discussions, along with homework exercises. There will be one mid-term examination (40%), a cumulative final examination (40%), and homework exercises (20%). Students are expected to keep up with current economic issues by regularly perusing The Economist, New York Times, Chicago Tribune, Financial Times, Wall Street Journal, Statistical Yearbook of the United Nations, and Human Development Report.

Students are expected to come to each and every class and to entertain the instructor with their knowledge of the material. A review session will be scheduled prior to the final examination schedule.

1 Latest year published.
Methodology:
Microeconomics 301, Principles of Microeconomics, is the first part of the introductory series in economics. It is fundamental for further study in Business, Public Administration, and the Social Sciences. For example, marketing, finance, public finance, public policy, international trade, and urban economics all have their theoretical foundations in microeconomics.

The framework of analysis consists of lectures which provide the fundamental content of theories and concepts. Recognizing it is not possible to cover every topic in detail, the course focuses on principal concepts and, more important, application of these concepts to real world problems. A critical element of the course is the development of critical analysis and problem solving skills. Much of this will be accomplished using quantitative tools but it is extremely important to also develop problem solving capabilities to be successful in the course. Thus, problem solving and interpretive skills are part of the toolkit derived from the successful completion of this course.

The Participants Role in the Course:
To achieve the highest standard in this course (A), the student will average 93 on homework and examinations. Students averaging higher than 96 are recommended, to the Dean of the College, for honours consideration. To master the course work requires three (3) hours of study for every hour of class time. Supplementary texts and tools are available in the library. All homework is to be typed, containing no typographical or grammatical errors.

About the Instructor:
Anthony Andrews is Professor of Economics and Liberal studies, holding a joint appointment in the Colleges of Business and Public Administration and Arts and Sciences. He is also Research Director in the International Business and Global Trade Research Institute at GSU, responsible for econometric policy modelling. He received his B.A. in economics from Hampton Institute and the M.A. and Ph.D. from the University of Pennsylvania specializing in Econometrics/Statistics, Microeconomics and Economic Planning Theory. He has held economist positions with the Bureau of Economic Analysis in the Department of Commerce and the President’s Council on Prices and Wages in Washington, D.C. He was Director of Development Planning for the State of Ohio and continues to serve as Managing Director of Develop-Metrics (Pty) Ltd, an international economics consulting firm. Recent consultancies include stints with the Central Bank and the Ministry of Finance and Development Planning in Botswana, the United Nations Development Programme (UNDP), International Labour Organization (ILO), and short-term assignments with government institutions in Zambia, Zimbabwe, Kenya, Guinea, the Food and Agricultural Organization in Rome, Italy, and the Oxford Food Research Institute, Oxford University.

His current research interests are in the areas of (1) cointegration analysis applications of time series models; (2) international macroeconomic planning problems; (3) economic growth in local, national and regional economics; and (4) location of firms in imperfectly competitive labour markets.

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2 Computer facilities are available in the CBPA Bislab, Room C3358 and Academic Computing Services, Room D2431. Economics, Mathematics and English tutors are available through Student Development, Ext. 4508, Room B1215.
Economics 301: Principles of Microeconomics
Reading List

Lecture 1. Introduction: The Fundamentals
1.1 The History of Economics: Antiquity to the Present
1.2 The Scope and Method of Economics
1.2.1 How to Read and Understand Graphs
1.2.2 The Mathematics of Economics
Lecture Notes
Chapter 1
Appendix to Chapter 1

Lecture 2. The Cornerstone of Economics
2.1 Scarcity, Choice, and Opportunity Cost
2.2 The Production Possibility Frontier Model
2.3 Comparative Economic Systems
2.4 Distribution and Equality
Chapter 2
Lecture Notes

Lecture 3. The Structure of the U.S. Economy
3.1 The Private Sector
3.1.1 Business Organization
3.1.2 Industrial Organization
3.2 The Public Sector
3.2.1 The Need for a Public Sector: Public Goods and Services
3.2.2 The Size of the Public Sector
3.2.3 Government Expenditures and Revenues
Chapter 3

Lecture 4. Demand and Supply: Part I
4.1 Input and Output Markets: The Circular Flow Model
4.2 The Demand Side: Law, Function, Schedule and Equation
4.3 The Supply Side: Law, Function, Schedule and Equation
4.4 Shifts and Movements
Chapter 4

Lecture 5. Demand and Supply: Part II
5.1 Market Equilibrium
5.2 Excess Supply and Excess Demand
5.3 Price Ceilings and Price Floors
5.4 Taxes and Subsidies
Added Section
Added Section

Lecture 6. The Price System, Supply and Demand Elasticity
6.1 Price Elasticity of Demand
6.2 Cases of Elasticity
6.3 Types of Elasticity
6.4 Elasticity and Total Revenue
Chapter 5

Chapter Readings
Lecture 7. The Theory of Consumer Choice

7.1 Assumptions of the Model
7.2 The Preference Function: The Utility Function
7.3 The Budget Constraint
7.4 Consumer Equilibrium
7.5 Derivation of the Demand Curve
7.6 Consumer Surplus
7.7 Extensions of the Theory

Midterm Examination: Tuesday, October 22, 1996

Lecture 8. The Theory of the Firm

8.1 Assumptions of Model(s)
  8.1.1 Profit Maximization
  8.1.2 Cost Minimization
8.2 Marginal Productivity Theory
8.3 The Production Function
  8.2.1 Cobb-Douglas Technology
  8.2.2 Leontief Technology
  8.2.3 Translog Technology
8.4 The Cost Function and Analysis
8.5 Isoquants and Production
8.6 Equilibrium of The Firm
8.7 Producer Surplus

Lecture 9. Competition

9.1 Pure Competition
9.2 Imperfect Competition:
  9.2.1 Monopolistic Competition
  9.2.2 Oligopoly and Game Theory
  9.2.3 Monopoly

Lecture 10. Imperfect Competition and Extensions

10.1 Monopsony
10.2 Oligopsony
10.3 Strategic Behaviour in Business
10.4 Competition in Labour Markets
10.5 Imperfect Competition in Labour Markets
10.6 Antitrust and Regulation: Labour Market Movement History

Chapter 6
Chapter Notes
Chapter 7
Chapter 8
Chapter 9
Lecture Notes
Lecture Notes
Lecture Notes
Chapter 13:344-346
Lecture Notes
Chapter 14:353-356
Chapter 19
Link Sect. 6.2.4
Lecture Notes

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### Chapter Readings

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<td>11.1 Capital, Labour, Energy, Materials, and Land (KLEMN)</td>
<td>Chapter 10</td>
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<td>11.2 Rent, Interest, Profits, and Capitalization and Investment</td>
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<td>11.3 Income Distribution and Poverty</td>
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<th>Lecture 12. Modern Microeconomic Issues</th>
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<tr>
<td>12.1 Market Failure and Externalities</td>
<td>Chapter 16:403-422</td>
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<td>12.2 Social Choice</td>
<td>Chapter 16:423-433</td>
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<td>12.3 Public Finance</td>
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<td>12.5 Urban Economic Theory</td>
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**Final Examination:**

- *Economics 301-A: 16 December, 1995*
- *Economics 301-B: 18 December, 1995*
## ECONOMICS 301: MICROECONOMICS
### SCHEDULE OF WORK ACTIVITIES

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<thead>
<tr>
<th>Time</th>
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Office Hours by appointment on Fridays.

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