

Governors State University  
College of Business and Public Administration

Economics 301: Principles of Microeconomics

Anthony P. Andrews, Ph.D., Instructor

Fall 1996

Class:

301 A Tuesday (T) 7:30-10:10 p.m.  
301 B Tuesday, Thursday (T,R) 12:30-1:45 p.m.

Telephone:

Office: 708.534.4058

Telefax:

Office: 708.534.8457

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 entre into international trade.

Texts:

Case, Karl E. and Ray C. Fair (1996) *Principles of Microeconomics*, Prentice-Hall

Berverage, Thomas H. (1996) *Study Guide: Principles of Microeconomics*, Prentice-Hall

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*<sup>1</sup>.

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.

<sup>1</sup> 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<sup>2</sup>.

### 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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<sup>2</sup> Computer facilities are available in the CBPA Bslab, 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

		<u>Chapter Readings</u>
Lecture 1.	Introduction: The Fundamentals	
1.1	The History of Economics: Antiquity to the Present	Lecture Notes
1.2	The Scope and Method of Economics	Chapter 1
1.2	The Mathematical Foundations:	Lecture Notes
1.2.1	How to Read and Understand Graphs	Appendix to Chapter 1
1.2.2	The Mathematics of Economics	Lecture Notes
Lecture 2	The Cornerstone of Economics	Chapter 2
2.1	Scarcity, Choice, and Opportunity Cost	
2.2	The Production Possibility Frontier Model	
2.3	Comparative Economic Systems	
2.4	Distribution and Equality	Lecture Notes
Lecture 3.	The Structure of the U.S. Economy	Chapter 3
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	
Lecture 4.	Demand and Supply: Part I	Chapter 4
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	
Lecture 5.	Demand and Supply: Part II	Chapter 4
5.1	Market Equilibrium	
5.2	Excess Supply and Excess Demand	
5.3	Price Ceilings and Price Floors	Added Section
5.4	Taxes and Subsidies	Added Section
Lecture 6.	The Price System, Supply and Demand Elasticity	Chapter 5
6.1	Price Elasticity of Demand	
6.2	Cases of Elasticity	
6.3	Types of Elasticity	
6.4	Elasticity and Total Revenue	

Chapter Readings

Lecture 7.	The Theory of Consumer Choice	Chapter 6
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	Lecture Notes
7.7	Extensions of the Theory	

*Midterm Examination: Tuesday, October 22, 1996*

Lecture 8:	The Theory of the Firm	Chapter 7
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-Douglass Technology	
	8.2.2 Leontieff Technology	
	8.2.3 Translog Technology	
8.4	The Cost Function and Analysis	Chapter 8
8.5	Isoquants and Production	
8.6	Equilibrium of The Firm	Chapter 9
8.7	Producer Surplus	Lecture Notes
Lecture 9.	Competition	
9.1	Pure Competition	Lecture Notes
9.2	Imperfect Competition:	
	9.2.1 Monopolistic Competition	Chapter 14
	9.2.2 Oligopoly and Game Theory	Chapter 14
	9.2.3 Monopoly	Chapter 13
Lecture 10.	Imperfect Competition and Extensions	
10.1	Monopsony	Chapter 13:344-346
10.2	Oligopsony	Lecture Notes
10.3	Strategic Behaviour in Business	Chapter 14:353-356
10.4	Competition in Labour Markets	Chapter 19
10.5	Imperfect Competition in Labour Markets	Link Sect. 6.2.4
10.6	Antitrust and Regulation: Labour Market Movement History	Lecture Notes

Chapter Readings

Lecture 11.	Resource Markets: The Fundamentals	
11.1	Capital, Labour, Energy, Materials , and Land (KLEMN)	Chapter 10
11.2	Rent, Interest, Profits, and Capitalization and Investment	Chapter 11
11.3	Income Distribution and Poverty	Chapter 17
Lecture 12.	Modern Microeconomic Issues	
12.1	Market Failure and Externalities	Chapter 16:403-422
12.2	Social Choice	Chapter 16:423-433
12.3	Public Finance	Chapter 18
12.4	Health Economics	Chapter 20
12.5	Urban Economic Theory	Chapter 20
Lecture 13.	International Trade and Finance	Chapter 21
13.1	The International Economy	
13.2	Four Models of International Trade	
13.3	Economic Growth	
13.4	Economic Integration and Cooperation	
13.5	Transformation of the Global Economy	

*Final Examination:*

*Economics 301-A: 16 December, 1995*  
*Economics 301-B: 18 December 1995*

Anthony Andrews, Ph.D.

ECONOMICS 301: MICROECONOMICS  
SCHEDULE OF WORK ACTIVITIES

Time	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
9-10:00						
10-11:00			<b>Off. Hours:</b> <u>Econ. 301 A</u> Wednesdays 10:00 am - 6:00 pm			
11-12:00						
12:30		<b>Econ 301B</b> <b>Micro</b> <b>Rm C 3331</b>		<u>Econ 301B:</u> Tuesdays: 1:45-6:00 Wednesdays: 10:00am-6:00 pm Thursdays: 1:45-4:00	<b>Econ 301B</b> <b>Micro</b> <b>Rm C3331</b>	
1:45						
2- 3:00						
3-4:00						
4:30 -	<b>POLS 815</b> <b>Political</b> <b>Economy</b> <b>Room</b>		<u>Econ 325</u> Wednesdays: 10:00am-6:00 pm  <u>POLS 815</u> Wednesdays: 10:00am-6:00pm or by appointment			
5- 6:00						
6-7:20						
7:30 -	<b>ECON</b> <b>325</b> <b>Cont Econ</b> <b>Theory</b> <b>Room</b> <b>B2201</b>	<b>ECON 301A</b> <b>Micro</b>  <b>Room</b> <b>B2201</b>				
8- 9:00						
9-10:00						
10:20						
10:30-11:00						

Office Hours by appointment on Fridays.

Office Telephone: 708.534.4058

Office Telefax: 708.534.8457

e-mail a-andrew@govst.edu