

Econ 251K
May 14 – June 8, 2007
Monday – Friday, 9:50 a.m – 12:00 a.m.
Rawls 1086

Professor:	Steve Gjerstad	Office:	Krannert 406
Office Phone:	494 – 4422	E-mail:	gjerstad@purdue.edu
Office Hours:	Monday, Wednesday, Friday	1:00 p.m. – 2:00 p.m.	
	Tuesday, Thursday	2:00 p.m. – 3:00 p.m.	

Course Notes

There is no required text for this course. All of the material covered in lectures, homework, and exams will be available in course lecture notes. These notes are available on the course web site, which is listed below.

Course Web Site <http://www.krannert.purdue.edu/faculty/gjerstad/Econ251K.html>

Course Overview

Econ 251 is an introduction to microeconomic models and their application. There are three distinct but closely related topics that we will cover in this class. One main topic is the development of several models of how the interaction between buyers and sellers determines prices and patterns of trade in a market. The main models are competitive markets with many producers and many buyers, monopoly markets with a single seller and many buyers, and oligopoly markets with a few sellers and many buyers. We will also consider the model of consumer choice that is the basis for consumer demand and the model of firm production that is the basis for producer supply. Finally, we will apply these models to several problems in taxation and government regulation of markets.

Evaluation

Your grade in Econ 251 will be determined by your performance on the best two of three 100 point exams, homework assignments that total to 100 points, and a comprehensive 200 point final exam. The exam dates are listed on the course schedule on the second page of the syllabus.

Policy on Makeups

No makeup exams will be given. Your lowest score from the three exams will be dropped. If you miss an exam that score will be dropped. You don't need to explain your absence from an exam to me. The average scores on the three exams will almost surely differ, so if you miss an exam, it may turn out that you miss the easiest exam. No adjustment to scores will be made to account for differences between average scores on the three exams. If you miss two exams, you will need to have a valid reason for missing both exams, such as illness or family emergency, and you will need to provide documentation for both absences to me. In that case, your score on the exam that you take will be multiplied by two to get your total exam score. If you miss the final exam, you will need to have a valid, documented reason for your absence, and you will need to take a makeup final exam.

Course Schedule

Week 1 Competitive markets in the short run

- May 14 Introduction & competitive market experiment (CME)
- May 15 Competitive equilibrium, efficiency, and CME
- May 16 Competitive equilibrium
- May 17 Consumers' and producers' surplus
- May 18 Taxes in a competitive market & CME

Week 2 Competitive markets in the long run

- May 21 Review
Exam 1 (11:00 - 12:00)
- May 22 Utility maximization
Profit maximization and firm supply
- May 23 Accounting profit and economic profit
Firm entry and expansion
- May 24 Long run equilibrium
- May 25 Monopoly market experiment; monopoly

Week 3 Monopoly

- May 29 Marginal revenue, marginal cost, and the monopoly price
- May 30 Review
Exam 2 (11:00 - 12:00)
- May 31 Monopoly profit, consumer surplus, and inefficiency
- June 1 Duopoly market experiment; duopoly

Week 4 Duopoly

- June 4 Duopoly game experiment; duopoly
- June 5 Collusion and cartels
- June 6 Review
Exam 3 (11:00 - 12:00)
- June 7 Review
- June 8 Final exam (9:50 - 12:00)

Academic Integrity

I encourage you to study with other students and to discuss class material among yourselves, including homework assignments. You may work on homework problems together with other students, but your write up of the assignment should be your own. During quizzes and exams you will not be permitted to use books or notes or communicate with other students. Any violation of academic integrity will result in failure of the quiz or exam and potential for failure in the course. For a more thorough definition of academic dishonesty and a discussion of its repercussions, please see <http://www.purdue.edu/odos/administration/integrity.htm>.