Course Description

Individuals, firms, governments and other institutions face decision-making problems on a daily basis given various resource constraints. Microeconomics (or “price theory”) describes the trade-offs faced by these decision makers in trying to get the most out of their limited resources. We will discuss the concept of optimal trade-offs as they relate to individuals and to groups within the economy. We will also examine the consequence of interactions among consumers, firms, and the government in a market economy.

Prerequisites
Students should have completed ECON 130 Principles of Economics (Micro).

Course Materials

Textbook website: www.prenhall.com/pindyck

Online supporting materials at Aplia.com*

*In order to complete certain assignments, you will be required to access a website dedicated to students and professors of economics. To access this website, you need to register for an account with Aplia at [http://econ.aplia.com](http://econ.aplia.com). In the first week of class, I will provide you with an instruction sheet as well as a course key so that you can register. Please register on the website within 48 hours after I pass out the course key. (Though you need to pay to have this access, you will find that the Aplia online resources are very useful!)

Grading

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Problem Sets (including those at Aplia.com)</td>
<td>20%</td>
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<tr>
<td>Attendance &amp; Class Participation</td>
<td>10%</td>
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<tr>
<td>First Mid-Term Exam (Early October)</td>
<td>20%</td>
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<td>Second Mid-Term Exam (Mid November)</td>
<td>20%</td>
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<tr>
<td>Final Exam</td>
<td>30%</td>
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<td>TOTAL</td>
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*The worst two scores of your problem sets will not count towards the final grade.
Tentative Course Schedule

We will follow the textbook by Pindyck and Rubinfeld.

I: INTRODUCTION: MARKETS AND PRICES.
   1. Preliminaries.
   2. The Basics of Supply and Demand.

II: PRODUCERS, CONSUMERS, AND COMPETITIVE MARKETS.
   3. Consumer Behavior.
   4. Individual and Market Demand.
   5. Uncertainty and Consumer Behavior.
   6. Production.
   7. The Cost of Production. (7.1-7.4)
   8. Profit Maximization and Competitive Supply.

III: MARKET STRUCTURE AND COMPETITIVE STRATEGY.
   12. Monopolistic Competition and Oligopoly.

IV: INFORMATION, MARKET FAILURE, AND THE ROLE OF GOVERNMENT.
   17. Markets with Asymmetric Information.

We will skip chapters 14 (Markets for Factor Inputs) and 15 (Investment, Time, Capital Markets).