Microeconomics is about how people and firms trade and transform resources. People work in exchange for money. They use the money to buy goods and services. Firms provide the goods and services, using various inputs including labor.

How does a consumer decide what to buy? How does a firm decide what to make? How does the economy coordinate so that firms produce what consumers want? Is a central planning agency required? Do prices contain enough information to coordinate markets? Can one person gain without harming another? Is international trade good or bad? In short, how does the economy work?

This course explores answers to some of these questions. We will draw on recent economic events, such as the signing of the North American Free Trade Association, as well as on formal models to illustrate microeconomic principles. We will begin with an overview of microeconomics. Then we will develop models of how consumers and firms behave. We will consider equilibrium in markets for both output goods and goods which are used in production. Finally we will discuss international trade and compare various economic systems.

Texts:


*Study Guide*, J.L. Carlson and L. Gwinn, Allyn and Bacon, 1992

Grading:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework</td>
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<tr>
<td>Midterm</td>
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<td>Final</td>
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ECONOMIC PRINCIPLES
Ch. 1 Economic Thinking
Ch. 2 Mutually Beneficial Exchange
Ch. 3 The Market Mechanism: Supply and Demand
Ch. 4 Economic Efficiency: A Measure of Market Performance

CONSUMER THEORY
Ch. 6 The Elasticity of Demand
Ch. 7 The Theory of Consumer Behavior

THEORY OF THE FIRM
Ch. 8 Entrepreneurial Behavior
Ch. 9 Production Costs, Revenues and Profit Maximization

EQUILIBRIUM
Ch. 10 The Perfect Competition Model
Ch. 12 Large Firm Behavior: The Imperfect Competition Model

FACTOR MARKETS
Ch. 14 The Theory of Resource Markets
Ch. 15 The Market for Labor
Ch. 17 The Capital Market

THE INTERNATIONAL ECONOMY
Ch. 35 International Trade
Ch. 37 Comparative Economic Systems: Theory and Evidence