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? Is it possible that prices contain enough information to coordinate the market? In short, how does the economy work?

This course explores answers to some of these questions. We will first consider a model of consumer behavior. Next we will discuss market equilibrium, and show that trade can make everyone better off. Then we will turn to a model of firms, and equilibrium with both firms and consumers. The last part of the course will be on selected topics in microeconomic theory.

Prerequisites: Econ 2010, Math 1080, 1090, 1100. The course will illustrate that calculus is a powerful tool for understanding economics. These prerequisites are important!

Texts:


Grading:    
            Homework 30%
            Midterm 30%
            Comprehensive Final 40%

The exams will be similar to the homework. If you do all the homework and read the assigned chapters carefully you should do well in the exams.
INTRODUCTION

Ch. 1 The Market

CONSUMER THEORY

Ch. 2 Budget Constraint
Ch. 3 Preferences
Ch. 4 Utility
Ch. 5 Choice
Ch. 6 Demand
Ch. 8 Slutsky Equation
Ch. 9 Buying and Selling
Ch. 15 Market Demand

EQUILIBRIUM AND EFFICIENCY

Ch. 27 Exchange

THEORY OF THE FIRM

Ch. 17 Technology
Ch. 18 Profit Maximization
Ch. 19 Cost Minimization
Ch. 20 Cost Curves
Ch. 21 Firm Supply
Ch. 22 Industry Supply

EQUILIBRIUM WITH PRODUCTION

Ch. 16 Equilibrium
Ch. 28 Production

TOPICS IN MICROECONOMICS

Ch. 23 Monopoly
Ch. 30 Externalities
Ch. 12 Uncertainty
Ch. 26 Game Theory