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:**

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<tr>
<th>Component</th>
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<tr>
<td>Homework</td>
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COURSE OUTLINE

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