This class meets Mondays, Wednesdays, and Fridays in 307 Bessey Hall from 12:30 to 1:40. The purpose of the course is to acquaint you with the part of economic analysis known as "neoclassical microeconomic theory," and to give you a sense of how economists have applied the theory to some real world problems.

TEXTBOOK AND SUPPLEMENTARY MATERIALS: The text for the course is: Robert Pindyck and Daniel Rubinfeld (P&R), *Microeconomics*, Fourth Edition, Prentice-Hall, 1998. You should also buy Paul Krugman, *Peddling Prosperity*, Norton, 1994, and Byron Brown, *Problems in Microeconomics*. It is recommended that you buy *Handouts in Economics* for Ec 251H. The *Handouts*... are two-to-a-page printouts of a large number of PowerPoint slides that will be used in class. The files containing these slides are also available in digital form.

*Problems in Microeconomics* and *Handouts in Economics* are for sale only in the Student Book Store, 417 East Grand River Avenue, East Lansing.

EXAMINATIONS AND OTHER REQUIREMENTS: There are three examinations in the course--two midterms (20% weight for the first, 25% for the second), and a final (40%). The take-home exercises, *Problems in Microeconomics* will count 15% altogether.

The final exam is at the common final time: Wednesday, April 30, from 3:00 to 5:00 p.m. The dates for the other exams will be set later, and depend on how rapidly we progress through the material.

OFFICE HOURS: Instructor's office hours are available in 107 Old Botany at these times:

Monday and Wednesday from 2:00 to 3:00 p.m.

Additional office hours will be available from the TA in the course and will be announced from week to week.

COMPUTER STUFF: Check out the course home page at

http://www.msu.edu/course/ec/251h/brown

From the homepage you can see this reading list, see announcements for the course, and get access to other important materials.

The PowerPoint slides used in the course, as well as the Excel parts of the interactive “Problems in Microeconomics”, are available from the course web site.
ASSIGNMENTS

I. **Introduction and Methodology.** Is economics a science? Is there, or should there be, a value-free economics? What are "economic" questions? Competition and markets defined.

P&R, Chapter 1, "Preliminaries."
Krugman, Chapters 1-6

II. **Supply and demand.** How are prices determined? What story do economists tell about how prices are determined? Equilibrium price determination and the concept of elasticity.

Krugman, Chapters 7-10.
Problem Sets 2-6.

III. **Demand and the theory of consumer behavior.** How economists describe consumer decision making. Indifference curves and utility maximization.

P&R, Chapter 3, "Consumer Behavior," and Chapter 4, "Individual and Market Demand."
Problem Sets 28-32.

IV. **Production and cost.** The theory of production. The nature of costs.

P&R, Chapter 6, "Production," and Chapter 7, "The Cost of Production."
Problem Sets 11-17.

V. **Pricing and output under competition.** How prices are determined in competitive markets in the long-run and short-run. Consumer and producer surplus and the costs of interfering with competitive markets.

Problem Sets 18-23.
Problem Sets 7-9.

VI. **Price and output under imperfect competition.** What happens when the number of firms is small.

Problem Sets 24-27.

VII. **Pricing of productive factors.** How the prices of inputs are determined. Will include a discussion of interest rates as well as wage rates.

Problems Sets 33-34.

VIII. **Welfare economics and general equilibrium.** Examination of the conditions under which markets are efficient, and under which markets fail to serve the public good.

P&R, Chapter 16, "General Equilibrium and Economic Efficiency;" Chapter 17, "Markets with Asymmetric Information," parts to be assigned; and Chapter 18, "Externalities and Public Goods."
Problem Set 10.