Course Description

This course is an introduction to microeconomic analysis: the study of how our economy works to allocate scarce resources among consumers and firms. The course will develop a theoretical framework for this analysis and show how this framework can be applied to real-world issues such as pollution abatement, health insurance, welfare reform, the regulation of mergers and the role of markets in the economy.

The first half of the course will focus on models of "perfect" competition, with an emphasis on the conditions necessary for achieving efficiency in production and distribution. The second half will emphasize departures from perfect competition and the role of government in our mixed economy.

The course format is two lectures per week, plus small class sections with the teaching fellows. The times of the sections will be arranged during the second week of classes. There will be weekly problem sets (20% of the grade), one-midterm exam (30% of the grade) and one final exam (50% of the grade).

Textbook


Meeting Time: MW 1.00-2.15, SSS 114.
Course Schedule

Exact dates and readings subject to revision (this version created 9/4/2007.)

- **Introduction**
  - 9/5: What is (Micro-) Economics? Read Chapter 1 plus online “intro” notes (see “resources” on classesv2.yale.edu)

- **Supply and Demand**
  - 9/10-9/12: Supply and Demand, Chapter 2 plus pp. 539–546.
  - 9/17: Benefit and Cost, Chapter 3

- **Consumer Behavior**
  - 9/19-9/24 Consumer Preferences, Chapter 4
  - 9/26: Individual Demand, Chapter 5

- **Production and Firm Behavior**
  - 10/1 Production, Chapter 7
  - 10/3 Cost, Chapter 8
  - 10/8 Profit Maximization, Chapter 9
  - 10/10 Economic Efficiency, Chapter 14 plus pp. 547–559.
  - 10/15 Equity and Efficiency, online hand-out to be distributed

- **10/17 Review for Midterm**

- **10/22, Midterm**, in class
Monopoly and Imperfect Competition

- 10/24, Monopoly, Chapter 17
- 10/29, Price Discrimination, Chapter 18
- 10/31, Strategic Behavior, pages 403-423.
- 11/5-11/7, Oligopoly, Chapter 19

Further Topics in Applied Microeconomics

- 11/12, Oligopoly, Cont.
- 11/14, Public Goods (prof. Hastings), slides
- (Thanksgiving Break)
- 11/26 Externalities and Pollution, Chapter 21
- 11/28 Savings and Investment, Chapter 10,11
- 12/3 Risk, Finance and Insurance, Chapter 12
- 12/5 Course Conclusion and review

Final Exam: no make-ups without Dean’s excuse