Overview

This course applies microeconomic reasoning to public issues, policies, and programs. It considers economic incentives and organizations; models of economic behavior, including markets, the absence of markets, and interventions in markets; the price system and how it works; and policy objectives and instruments.

Requirements:

There will be 8 problem sets, a midterm, and a final exam. The midterm will take up two hours of a class period on March 7, and the final will be on May 9. The problem sets will make up 20% of your grade. The midterm will make up 25% and the final 40%. The final 15% will be made up of class participation.

While students are encouraged to work in small groups on the problem sets, they must be written up individually. Late problem sets are not accepted.

Students are expected to uphold the university academic integrity policy. The policy can be found at: [http://academicintegrity.rutgers.edu/integrity.shtml](http://academicintegrity.rutgers.edu/integrity.shtml)

Readings

The textbook for this course is *Microeconomics*, Eighth Edition, by Robert S. Pindyck and Daniel L. Rubinfeld (Prentice-Hall, 2007), hereafter referred to as P+R. Older editions are also acceptable. Other standard textbooks cover similar material to that in the Pindyck and Rubinfeld text. Students are encouraged to peruse through other micro textbooks to see if the material is covered or explained in ways that is more to their liking (use the index to the book if you are looking for a particular concept). Other textbooks include:


Some books provide a more engaging description of the economic way of thinking. Students might wish to complement the textbook and classroom presentations by looking at this material. These books include:


In addition, several classes have readings outside the textbook required. Often these readings will be a particular focus of the class so completing them is required. These are available online at:

**Markets**

**Class 1 January 23 The Basics of Supply and Demand**

P+R Ch1

**Class 2 January 30 Minimum Wages and Elasticities**

P+R Ch 2


**Class 3 February 6 Consumer Behavior**

Homework #1 due
P+R Ch. 3, 4.1

*Blog or Newspaper Article to be assigned.*
Class 4 February 13  Demand Curves and Introduction to Supply

Homework #2 due

P+R Ch. 4 and 6

*Blog or Newspaper Article to be assigned.*

Class 5 February 20 Production and Costs (Possible class cancellation)

Homework #3 due

P+R Chs. 7-8

*Blog or Newspaper Article to be assigned.*

Class 6 February 27, Taxes, Tariffs, Competitive Markets Simulation and Review

Homework # 4 due

P+R Ch 9

*Blog or Newspaper Article to be assigned.*

Class 7 March 6 Review Simulation and Midterm

March 13: No Class

**Market Failures**

Class 8 March 27 Monopoly

P+R Chs. 10-11

*Blog or Newspaper Article to be assigned.*

Class 9 April 3 Oligopoly and Game Theory

Homework # 5 due

P+R Ch. 12 and 13.

Blog or Newspaper Article to be assigned.

**Class 10 April 10 Asymmetric Information**

Homework #6 due

P+R Ch. 17


Blog or Newspaper Article to be assigned.

**Class 11 April 17 Externalities and Public Goods**

Homework #7 due

P+R Ch. 18 (review 13)


Blog or Newspaper Article to be assigned.

**Class 12 April 24 Benefit Cost and Cost Effectiveness Analysis**

Homework # 8 due

OMB Circular A-4 “Regulatory Analysis”

Kenneth Arrow et. al. “Benefit-Cost Analysis in Environmental, Health, and Safety Regulation”

Blog or Newspaper Article to be assigned.

**Class 13 May 1 Behavioral Economics and Review for Final**


Blog or Newspaper Article to be assigned.
May 8: Final Exam.