Course Description

Economics is the study of production and allocation of scarce resources, and how agents make decisions under conditions of scarcity and uncertainty. This course provides a rigorous introduction to economics, with special emphasis on microeconomics. It will introduce you to economics as a discipline and as a way of thinking. It will also provide you with the a set of tools, which will be very useful in other economics courses.

We will first study the behavior of individual consumers and firms. Then we will give you some insight into how markets work and whether market outcomes are desirable. We will also look at situations in which the firm is a monopolist, or competes with a limited number of rivals. Some of the key concepts we will introduce include economic incentives, marginal analysis, opportunity cost (which costs matter), market efficiency (what does it mean for a market to work) and strategic behavior (how to predict and respond to your rivals’ decisions).

The tools that you will be acquainted with in this class are fundamental for most upper division courses of the Economics major as well as classes in Finance, Accounting and Marketing.


Course Blackboard
The course’s blackboard can be found at http://sternclasses.nyu.edu using your Stern netID/password and choosing the course titled Microeconomics.

Please familiarize yourself with the course web site ASAP. There you will be able to find among others:
1. lecture notes
2. assignments and keys to them
3. sample exams
4. announcements
5. discussion forum

Communicating with us electronically: As far as is possible, rather than emailing us, you should post your questions on the relevant Blackboard discussion forum. This is far more efficient than individual back-and-forth email. If question raised by a student via email are relevant for the rest of the class, we will post this on the discussion forum.

There are two discussion forums currently active:

1. Administrative questions about the course
2. General questions and comments about what we cover in class

Before posting a question, make sure that you read through the course content on Blackboard, the frequently-asked-questions, and the questions other students have posted. Often, you will find the answer to your question here.

Prerequisites: This course assumes familiarity with multi-variate calculus and high school algebra. In addition, we will have a review section on most essential mathematical tools.

TA’s Sessions: We meet twice a week and in addition a Teaching Assistant (TA) will conduct a recitation every week. The timing of this session is to be determined. TA sessions start at the FIRST week of classes.

Homework Assignments: There will be weekly homework assignments. Homework assignments will be downloadable from the class website and will consist of problems and short answer questions based on the material presented in class. The objective of these assignments is to give you the opportunity to practice the new concepts. The more problems you work out the higher your chances of getting an A. It is that simple. I encourage you to work in teams. Homework assignments will not be graded. TA’s will go over the solutions in each week’s session. If you solved a problem using a different method than the presented solution, and want to check whether it is correct or not, you are encouraged to discuss it with your TA during office hours.

Quiz: There will be 4 quizzes, one in the second week of the course, one before the midterm, and one before the final. Provided that you take ALL three exams, only the two best score will count towards your grade, otherwise the average score will count towards your grade. There are absolutely no make-ups for missed quizzes.

Examinations-Make-up Test Policy: There will be a midterm and a final exam. The midterm will be on in class and the final Exam on. Tests are written and will be taken without books or notes. They will consist of problems similar to the ones in the problem sets; short answer questions which maybe in the form of multiple choice. The final exam will be cumulative.
**No Make-up Exams:** If you miss the midterm for a justified reason and provide sufficient evidence, your final score will be counted instead of the midterm exam. If you miss the midterm for any other reason you will get a score of 0. If for a justified reason you miss the final exam you will receive an incomplete, which has to be removed in the earliest possible semester.

**Review Sessions:** The TA will run a review session before the midterm and one before the final. They will go over sample exams that I will hand out a week in advance.

**Your final exam:** If you want to receive a copy of your final exam after the course is over you will need to make an appointment with me or your TA. I will destroy all material at the beginning of the spring quarter.

**Errors:** The TA’s and myself will make every effort to grade fairly and evenly. But some errors in grading may occur. Please check your exams and in case of grading errors, please return your exam to the grader with a written note explaining where the error is. We may keep copies of all, or of a fraction of graded exams, prior to handing them back. The whole exam may be regraded is this case. Please keep copies of your exams until the quarter is over.

**Grading Policy:** Your grade will be determined by the following

- Quiz 20%
- Midterm 30%
- Final 50%

There is no curve and everyone can get an A. The grade scale is as follows:

- A 87.5-100
- B 75-87.5
- C 62.5-75
- D 50-62.5
- F 0-50

I will use the grades A+, A, A-, B+,..., C- but I will only use grade D.

**How to do well in this course:** Practice problems. As many as you can! Work with your friends on the difficult problems. Learn from each other. Seek help from me or from the TA’s. We are here to help you.
### Microeconomics

Reading List and Tentative Course Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Chapter</th>
</tr>
</thead>
</table>
| 1    | Jan 16 Jan 18 | Chapter 1 Preliminaries  
Chapter 2 The basics of supply and demand |
| 2 and 3 | Jan 23 Jan 30  | Chapter 3 Consumer behavior  
Chapter 4 Individual and market demand |
| 4    | Feb 1      | Chapter 6 Production                                                   |
| 5    | Feb 6      | Chapter 7 The cost of production  
Chapter 8 Profit maximization and competitive supply |
| 6    | Feb 13     | Chapter 8 Profit maximization and competitive supply                   |
| 7    | Feb 26     | Chapter 9 The analysis of competitive markets                          |
| 8    | March 6    | Review and Midterm                                                   |
| 9    | March 12   | **SPRING BREAK**                                                      |
| 10   | March 20   | Chapter 10 Market power: Monopoly and monopsony  
Chapter 11 Pricing with market power |
| 11   | March 27   | Chapter 13 Game theory and competitive strategy                        |
| 12   | April 3    | Chapter 12 Monopolistic competition and oligopoly                      |
| 13   | April 10   | Chapter 14 Markets for factor inputs  
Chapter 15 Investment, time and capital markets |
| 13   | April 17   | Chapter 5 Uncertainty and consumer behavior  
Chapter 17 Markets with asymmetric information |
| 14   | April 24   | Chapter 18 Externalities and public goods  
Review |

**Final Exam: TBA**