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 30% and the final 40%. The final 10% 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.

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

Readings

The textbook for this course is *Microeconomics*, Seventh Edition, by Robert S. Pindyck and Daniel L. Rubinfeld (Prentice-Hall, 2007), hereafter referred to as P+R. 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 24 The Basics of Supply and Demand**

P+R Ch1

**Class 2 January 31 Minimum Wages and Elasticities**

P+R Ch 2


**Class 3 February7 Consumer Behavior**

Homework #1 due
P+R Ch. 3, 4.1
Class 4 February 14  Demand Curves and Introduction to Supply
Homework #2 due
P+R Ch. 4 and 6

Class 5 February 21 Production and Costs
Homework #3 due
P+R Chs. 7-8

Class 6 February 28 Taxes, Tariffs, Competitive Markets Simulation and Review
Homework # 4 due
P+R Ch 9

Class 7 March 7 Review Simulation and Midterm
Market Failures

Class 8 March 21 Monopoly
P+R Chs. 10-11

Class 9 March 28 Oligopoly and Game Theory
Homework # 5 due
P+R Ch. 12 and 13.


Class 10 April 4 Asymmetric Information
Homework #6 due
P+R Ch. 17


Class 11 April 11 Externalities and Public Goods
Homework #7 due

P+R Ch. 18 (review 13)


Class 12 April 18 Benefit Cost and Cost Effectiveness Analysis

Homework #8 due

OMB Circular A-4 “Regulatory Analysis”

"Ranking Regulatory Investments in Public Health" from the Analytical Perspectives Volume of the President's FY 2003 Budget.

Class 13 April 25 Behavioral Economics


Class 14 May 2 Review