

WASHINGTON UNIVERSITY IN ST. LOUIS
U07-103 Section 1— Summer 2006
Introduction to the Political Economy: Microeconomics

Days, Time and Location: MW 6:30-9:15 p.m. in Lab Sciences 201

Instructor	Sheng Huang	Aleks Yankelevich
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Office Hours		Mon 4-6pm
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Required Text: Mankiw, N. Gregory, *Principles of Microeconomics*, 4th edition.

Recommended Text: Roberts, Russell, *The Choice, A Fable of Free Trade and Protectionism*, Revised edition.

Course Content:

This course is about the behavior of households, business firms, and government policy makers in a market economy like ours. It will examine how they make economic decisions, what these decisions imply for the economic well-being of Americans, what makes an economy perform well and what makes it perform poorly, and what role government action should play in economic affairs. Among our concerns will be the products chosen by consumers, the way they are produced, the prices that are charged, how markets are organized, how incomes are determined, non-market costs and benefits of market transactions, and the prospects that government policy can improve on undesirable outcomes.

Reading assignments from the *Principles of Microeconomics* text provide the background for topics to be covered in class. Corresponding homework assignments give you practice using the concepts developed in the text and in class. Problem sets will be assigned during the semester. Course examinations will consist of problems similar to the homework assignments.

Grading:

The grading will be based on two two-hour in class examinations, and the class participation.

First Exam	40%
Second Exam	40%
Class Participation	20%

Many students do much less well in this course than they expect and than they should. The surest ways to guarantee disappointing results are to memorize and to cram for tests. This course requires that you learn how to reason from assumptions to conclusions so that you can solve economic problems. For most people, the only way to acquire these reasoning skills is to do the readings when they are assigned, come to class, do the homework

problems faithfully, and ask questions in class and in office hours when there is something that you don't understand well. Reasoning skills cannot be memorized or crammed for.

Make-up exams are approved **ONLY** for the following conditions:

- **DOCUMENTED** personal illness or emergency.
- Conflicts with religious obligations.

Reading List:

Readings marked with an asterisk (*) will be covered if time permits.

- I. Economic Choices and Decisions
Mankiw, chaps. 1, 2
- II. How Markets Work
Mankiw, chaps. 4, 5, 7
- III. Government and Markets
Mankiw, chaps. 6, 8
- IV. *International Markets
Mankiw, chaps. 3, 9
- V. The Economics of the Public Sector
Mankiw, chaps. 10, 11, 12
- VI. Production Cost
Mankiw, chap. 13
- VII. Business Firms in Competitive Markets
Mankiw, chap. 14
- VIII. Monopoly and Imperfect Competition
Mankiw, chaps. 15, 16, 17
- IX. *Labor Markets
Mankiw, chap. 18
- X. *Utility and Consumer Choice
Mankiw, chap. 21