

**RAMJAS COLLEGE
UNIVERSITY OF DELHI
Semester I (FALL 2011)**

B.A. (Hons.) Economics: Course 01-Introductory Microeconomics

Mihir Pandey (mpandey@ramjas.du.ac.in)

Readings (Core textbooks):

1. **Joseph E. Stiglitz and Carl E. Walsh (2006)**, *Economics*, International Student Edition, 4th Edition, W.W. Norton & Company, Inc., New York, ISBN 0-393-92622-2. (hereafter Stiglitz & Walsh, 2006, 4e)
2. **N. Gregory Mankiw (2007)**, *Economics: Principles and Applications*, 4th edition, India edition by South-Western, a part of Cengage Learning, Cengage Learning India Private Limited, ISBN-13:978-81-315-0577-9 (hereafter, Mankiw, 2007, 4e).
3. **Karl E. Case and Ray C. Fair (2007)**, *Principles of Economics*, 8th edition, Pearson Education Inc., ISBN 81-317-1587-6.(hereafter Case & Fair, 2007, 8e).

Reading List in Detail [Only for Ramjas; there is no official DU list yet]

1. Exploring the subject matter of Economics

Why study economics? Scope and method of economics; The economic problem: Scarcity and choice; the question of what to produce, how to produce and how to distribute output; Science of economics; The basic competitive model; Prices, Property rights and Profits; Incentives and information; Rationing; Opportunity sets; Economic systems; Reading and working with graphs.

Reference: Stiglitz & Walsh, 2006, 4e, Chapters 1 & 2—Ch.1: Modern Economics, pp.3-22; Ch.2: Thinking like an Economist, pp.25-50.

2. Supply and Demand: How Markets Work, Markets and Welfare

Markets and competition; Determinants of individual demand/supply; Demand/supply schedule and demand/supply curve; Market versus individual demand/supply; Shifts in the demand/supply curve, demand and supply together; How prices allocate resources; Elasticity and its application; Controls on prices; Taxes and the costs of taxation; Consumer surplus, producer surplus and the efficiency of the markets.

Reference: Mankiw, 2007, 4e, Chapters 4, 5, 6, 7 & 8—Ch.4: The Market Forces of Supply and Demand, pp.72-92; Ch.5: Elasticity and Its Application, pp.93-112; Ch.6: Supply, Demand, and Government Policies, pp.113-131; Ch.7: Consumers, Producers and the Efficiency of Markets, pp.134-151; Ch.8: Application: The Costs of Taxation, pp.152-165.

3. The Households

The consumption decision—budget constraint, consumption and income/price changes, demand for all other goods and price changes; Description of preferences (representing

preferences with indifference curves), properties of indifference curves, consumer's optimum choice; Income and substitution effects; Labour supply and savings decision—choice between leisure and consumption.

Reference: Mankiw, 2007, 4e, Chapter 21—Ch.21: The Theory of Consumer Choice, pp.384-405.

4. The Firm and Perfect Market Structure

Behaviour of profit maximizing firms and the production process; Short run costs and output decisions; Costs and output in the long run.

Reference: Case & Fair, 2007, 8e, Chapters 7, 8 & 9—Ch.7: The Production Process: The Behaviour of Profit-Maximizing Firms, pp.143-164; Ch.8: Short-Run Costs and Output Decisions, pp.165-185; Ch.9: Long-Run Costs and Output Decisions, pp.187-210.

5. Imperfect Market Structure

Monopoly and anti-trust policy, government policies towards competition; Imperfect competition.

References: **Mankiw, 2007, 4e, Chapter 15**—Ch.15: Monopoly, pp.271-298.

Stiglitz & Walsh, 2006, 4e, Chapter 15—Ch.15: Imperfect Information in the Product Market, pp.333-339

6. Input Markets

Labour and land markets—basic concepts (derived demand, productivity of an input, marginal productivity of labour, marginal revenue product); demand for labour; input demand curves; shifts in input demand curves; competitive labour markets; labour markets and public policy.

Reference: Mankiw, 2007, 4e, Chapters 18—Ch.18: The Markets for the Factors of Production, pp.334-348.