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There are three parts to this reading list and course. Part 1 is an introduction to economic theories, economic history, and the concepts of supply and demand. There are many microeconomic theories in the world today. The dominant one in the United States is called neoclassical economics. Neoclassical microeconomic theory arose within the social (economic, political, and cultural) conditions of the late-nineteenth century. According to neoclassical economists, all economies and economic events can be understood in terms of supply and demand. The first part of the course, therefore, covers the following topics: the basic theoretical debates between neoclassical and other economic theories, the history of neoclassical microeconomic theory, and the basic notions of supply and demand.

Part 2 concentrates on the neoclassical theory of supply and demand. What determines the supply and demand behavior of individuals and firms? According to neoclassical economists, given aspects of nature—preferences, technology, and endowments—are the underlying determinants of supply and demand and, thus, of market prices and the distribution of income. Therefore, in the second part of the course, we will examine carefully the concepts and method of the neoclassical "theory of value," from the initial determinants to the final outcomes, as well as the policy implications of neoclassical microeconomic theory.

Part 3 returns to the issue of different economic theories. It is designed to sharpen your knowledge of neoclassical theory by examining some of the extensions and criticisms of that theory and by comparing it to alternative theories. We will also discuss the importance of these theoretical differences for economic policymaking and for the economic decisions we make on a daily basis.

Together, these three parts comprise the principles of microeconomics: first, a discussion of different economic theories, their history, and the concepts of supply and demand; then, an examination of the neoclassical theory of value; and, finally, an introduction to some of the extensions and criticisms of neoclassical theory and to the contemporary debate among and between different economic theories.

**COURSE REQUIREMENTS.** All students are expected to complete the assigned readings, *before* the material is covered in class, and to participate fully in classroom discussions. In addition, grading will be based on three examinations, one at the end of each part of the course outline. Each of these examinations will make up one third of the final grade.

**TEXTS AND READINGS.** Two textbooks have been ordered for the course: *Microeconomics*, 19th edition, by Paul A. Samuelson and William D. Nordhaus (hereafter, Samuelson & Nordhaus) and *Economics: Marxian versus Neoclassical*, by Richard D. Wolff and Stephen A. Resnick (hereafter, Wolff & Resnick). All of the required reading is from these two texts.

## > PART I • ECONOMIC THEORIES, HISTORY, SUPPLY AND DEMAND

*Introduction: Economic Theories and History* (24 & 26 August)

Samuelson & Nordhaus, chapter 1 (pp. 3-8)

Wolff & Resnick, chapter 1

*Production Possibilities* (31 August & 2 September)

Samuelson & Nordhaus, chapter 1 (pp. 8-14) & appendix 1 (pp. 18-23)

*The Basic Concepts of Supply and Demand* (7, 9, 14 & 16 September)

Samuelson & Nordhaus, chapters 3, 4 & 8 (pp. 155-57)

EXAM 1 (21 September)

## > PART II • NEOCLASSICAL THEORY OF VALUE

*Introduction: Neoclassical Theory of Supply and Demand* (23 September)

Wolff & Resnick, chapter 2 (pp. 38-50)

*Preferences and Demand* (28 & 30 September)

Samuelson & Nordhaus, chapter 5 & appendix 5

Wolff & Resnick, chapter 2 (pp. 50-59)

*Incomes: Wages* (5 October)

Samuelson & Nordhaus, chapters 12 & 13 (pp. 243-57)

Wolff & Resnick, chapter 2 (pp. 59-72)

*Incomes: Profits* (7 October)

Samuelson & Nordhaus, chapter 14 (pp. 273-79)

Wolff & Resnick, chapter 2 (pp. 72-80)

*Costs and Supply* (12 & 14 October)

Samuelson & Nordhaus, chapters 6 (pp. 107-18), 7 (pp. 124-33) & 8 (pp. 147-55)

Wolff & Resnick, chapter 2 (pp. 80-85)

*Conclusions* (26 October)

Samuelson & Nordhaus, chapter 8 (pp. 158-62) & appendix 14

Wolff & Resnick, chapter 2 (pp. 85-95)

EXAM 2 (28 October)

## > PART III • EXTENSIONS, CRITICISMS, AND ALTERNATIVE THEORIES

*Comparative Advantage* (2 November)

Samuelson & Nordhaus, chapter 15

*Imperfect Competition* (4 November)

Samuelson & Nordhaus, chapters 9 & 10 (pp. 197-200)

*Game Theory* (9 November)

Samuelson & Nordhaus, chapter 11 (pp. 212-20)

*Discrimination, Externalities, and Inequality* (11 November)

Samuelson & Nordhaus, chapters 13 (pp. 257-60), 18 (370-78) & 19 (pp. 382-400)

Resnick & Wolff, chapter 2 (pp. 95-99)

*Marxian Economics* (16 November)

Resnick & Wolff, chapter 3 (pp. 125-71)

*Theoretical Differences* (18 November)

Wolff & Resnick, chapter 4

FINAL EXAM (23 November)[\[DR1\]](#)

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