MICROECONOMICS

Also by Mike Rosser

Women and the Economy: A Comparative Study of Britain and the USA
(with A. T. Mallier)

MICROECONOMICS

THE FIRM AND THE MARKET ECONOMY

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Preface

Typically, on the first year of many undergraduate economics degree courses the majority of students have already studied economics at A level and microeconomics is taught at a level that goes beyond basic introductory economics but does not involve the depth of analysis presented in most standard intermediate microeconomics texts. The same applies to many second year microeconomics courses on degrees which include economics as a subsidiary subject, such as business studies and modular degree courses, where most students will have followed a first year introductory economics course and where the depth of theoretical analysis required is less than that expected on intermediate microeconomics courses on specialist economics degrees. It is for these courses that this book is mainly intended. However, for the benefit of any students who have not studied the subject before, Chapter 1 does provide an introduction to some basic economic concepts which can also profitably be used for revision by other students.

As well as covering the standard topics taught on most microeconomics courses, including the theory of production and costs, market structures, consumer theory, factor markets and welfare economics, this book also considers some other approaches to the study of the firm and the market economy. It examines some alternatives to the profit maximising theory of the firm, including the Marxian explanation of firms' behaviour in market economies, and looks at the relatively recent development of the theory of contestable markets.

Throughout the book the relationship between economic theory and practice is always kept in mind. Although there is not room for detailed case studies in this concise text, examples of the relevance of microeconomic theory to the real world are presented where appropriate. For example, there is a section devoted to linear production theory as well as an explanation of the conventional economic theory of production based on the assumption of perfect substitutability of inputs. With respect to welfare economics,

Chapter 12 provides a critical appraisal of the policy guidelines that economists have put forward rather than just the arid technical analysis that is conveyed in some presentations of this topic.

The treatment of the material is mainly in terms of graphical analysis and requires no more than a knowledge of basic algebra and geometry. There are, however, certain sections which require an understanding of more advanced quantitative techniques, in particular the differential calculus. These sections have been kept to a minimum and are marked*. It is not necessary to cover them in order to follow the rest of the book, but students who are also following a quantitative methods course may find that these sections help them to relate the mathematical techniques that they have learned to economic concepts.

Each chapter is followed by a set of problems. Some are straightforward tests to see if the chapter has been properly understood and many of the calculation problems can be solved either algebraically or graphically. Other questions are of the 'discussion' type where there is no one correct response. In some cases there may appear to be one obvious answer, but students should always try to think carefully of any other possibilities, bearing in mind what they have learned from the chapter.

Lastly, in the examples presented in this book it is not implicitly assumed that all managers, investors, consumers, and so on are male. As can be seen from the biographical note on the author, one of my research interests is the female labour force. There are many ways in which sex discrimination permeates society and one small way in which lecturers and students can help to change the biased stereotyped attitudes towards the economic position of women that are still relatively widespread is through the references that they make with respect to the gender of the individuals, such as company managers, who perform different economic roles. Given that in most other texts the usual assumption is that they are all male, in most of the examples in this book they are assumed to be female in order to try to restore the balance.

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M. R.