

Econ 100A: Intermediate Microeconomics

Fall Quarter 2011

Professor Justin Marion

449 Engineering 2

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Office hours: Wednesdays 3:30-5:30pm

Overview: This course will provide the basic tools of microeconomic analysis. We will examine consumer behavior, firms' pricing and output decisions, and market outcomes.

Prerequisites: Economics 1 and calculus. While this course is about economics, not mathematics, mathematics is a useful tool in communicating the intuitions of economics. The important mathematical tools that you should be familiar with are: graphing an equation on a two-dimensional graph, solving a system of two equations and two unknowns, understanding what a derivative is and being able to compute the derivative of a simple equation. This is not a comprehensive list, but these tools will prove to be the most important.

Class Meetings: Lectures will meet on Mondays, Wednesdays, and Fridays from 12:30 to 1:40p.m. You will also have one TA session per week, and attendance to at least one session is required. TA sessions will be an important complement to the lectures, as they will help you understand material from the lectures and problem sets. Each TA will also hold one office hour per week.

Requirements and Grading:

- 1) The required text is *Microeconomics* by Besanko and Braeutigam. This text is widely available and will also be placed on reserve at the library. We will use version number 4, but version 3 is acceptable as well. The two editions may vary in some minor respects, and if you use an older version it is your responsibility to keep up with any important deviations from the current version. Additional readings may be assigned during the quarter.
- 2) Exams – There will be two midterm exams worth 20% of the grade and a comprehensive final exam worth 40%. The midterm exams are scheduled to be held in class on October 17 and November 9. The final exam is scheduled for 8-11AM on Monday December 5. I will not offer make-up exams for either the midterms or the final.
- 3) Problem Sets – There will be 5 problem sets throughout the quarter, and these are worth a total of 20%. The problem sets will be graded, however the lowest problem set grade will be dropped. No late problem sets will be accepted. If you have an emergency that prevents you from turning in a problem set, I will count that as the lowest grade. I encourage group discussion in working on the problem sets, however everyone must hand in their own problem set with explanations (when applicable) in your own words. If a problem requires calculations or math, you must show your work.

Miscellaneous:

The website for the course is:

<http://people.ucsc.edu/~marion/classes/econ100a/100a.html>

Please check it for course updates and additional readings during the quarter. I will place problem sets on the course website after they are handed out in class.

Cheating during the exams will not be tolerated. If you are caught cheating during one of the exams, I will fail you and report the incident to the University. It is not worth it!

Outline of the Course:

1. Introduction

- Analyzing economic problems (Ch. 1) [1 day]
- Demand and supply analysis (Ch. 2) [1 day]

2. Consumer Theory

- Utility (Ch. 3) [1-2 days]
- Consumer Choice (Ch. 4) [3-4 days]
- Demand (Ch. 5) [4-5 days]

3. Supply

- Inputs and Production Functions (Ch. 6) [2 days]
- Costs and Cost Minimization (Ch. 7) [2 days]
- Cost Curves (Ch. 8) [1 day]

4. Perfectly Competitive Markets (Ch. 9-10) [2-3 days]

5. Market power

- Monopoly (Ch. 11) [2 days]
- Capturing surplus (Ch. 12) [1 day]

6. Imperfect competition and strategic behavior

- Game theory (Ch. 14) [2 days]
- Market structure and competition (Ch. 13) [2 days]
 - Oligopoly Ch. 13.2
 - Monopolistic competition Ch. 13.5