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 to communicate the intuition of economics. The important mathematical tools you should be familiar with are: graphing an equation in two-dimensions, 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 at Humanities Lecture Hall, Room 206, on Mondays, Wednesdays and Fridays from 9:30 to 10:40 am. You will also have one Discussion Section per week, and attendance to at least one session is required. Discussion Sections 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 *Intermediate Microeconomics: A Modern Approach* by Hal Varian. This text is widely available and will also be placed on reserve at the library. We will use the 8th edition, but 6th and 7th are acceptable as well. The material that we cover should be unaffected by the new version, though the chapter numbers may differ. Additional readings may be assigned during the quarter.

2) Exams – There will be two midterm exams, each worth 15% of the grade, and a comprehensive final exam worth 50%. The midterm exams are scheduled to be held in class on Wednesday, February 8 and on
Friday, March 9. The final exam is scheduled for 8:00 – 11:00 am on March 19. I will not offer make-up exams for either of 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.

Group discussion is encouraged in working on the problem sets; however you must hand in your own problem set with explanations (when applicable) in your own words. If a problem requires calculations or math, you must show your work.

Problem sets are due January 27, February 3 and 17, and 29, March 5, and 16.

Miscellaneous:
If you qualify for classroom accommodations because of a disability, please get an Accommodation Authorization from the Disability Resource Center (DRC) and submit it to me in person outside of class (e.g., office hours) within the first two weeks of the quarter. Contact the DRC at 459-2089 (voice), 459-4806 (TTY), or http://drc.ucsc.edu for more information on the requirements and/or process.

The website for the course is: http://people.ucsc.edu/~rbaden/econ100a.htm. Please check it for course updates and additional readings during the quarter. I will place problem sets on the course website.

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 and Review (Varian Ch. 1) 1/09/2012
2. Demand
   • Budget Constraint (Varian Ch. 2) 1/11/2012
   • Preferences (Varian Ch. 3) 1/13/2012
   • Utility (Varian Ch. 4) 1/18/2012
   • Choice (Varian Ch. 5) 1/20/2012
   • Individual and Aggregated Demand (Varian Ch. 6 & 15) 1/23-25/2012
   • Consumer Surplus (Varian Ch. 14) 1/27/2012
   • Slutsky Equation (Income and Substitution Effect) (Varian Ch. 8 & 9) 1/30-2/1/2012
   • Intertemporal Choice (Varian Ch. 10) 2/3/2012
   • Uncertainty (Varian Ch. 12) 2/6/2012
3. Supply
   • Technology (Varian Ch. 18) 2/10/2012
   • Profit Maximization (Varian Ch. 19) 2/13/2012
   • Cost Minimization (Varian Ch. 20) 2/15/2012
   • Cost Curves (Varian Ch. 21) 2/17/2012
   • Firm and Industry Supply (Varian Ch. 22 & 23) 2/22-24/2012
4. Markets
   • Equilibrium (Varian Ch. 16) 2/27/2012
5. Imperfect Competition
   • Monopoly (Varian Ch. 24) 3/2/2012
   • Monopoly Behavior (Varian Ch. 25) 3/5/2012
   • Game Theory (Varian Ch. 28) 3/7/2012
   • Oligopoly (Varian Ch. 27) 3/12/2012
6. Market Imperfections
   • Externalities (Varian Ch. 34) 3/14/2012
   • Public Goods (Varian Ch. 36) 3/16/2012