

ECONOMICS 1A: INTRODUCTORY MICROECONOMICS

Professor Gregory Clark

gclark@ucdavis.edu

<http://www.econ.ucdavis.edu/faculty/gclark/ecn1a/index.html>

Office Hours: MW 1-2:30, 1137 SSH

Spring 2015

M,W,F 11-11:50

Arc 138

TAs

Briana Ballis, 118 SSH, bmballis@ucdavis.edu, Office Hours Tu 8-9, 10:30-11:30

Nicholas Bowden, 135 SSH, nsbowden@ucdavis.edu, Office Hours Tu 11-1

Brian Flaxman, 118 SSH, brflaxman@ucdavis.edu, Office Hours Tu 4-6

Ethan Krohn, 119 SSH, ekrohn@ucdavis.edu, Office Hours Th 11-1

Cynthia Van Der Werf Cuadros, 120 SSH, cvanderwerf@ucdavis.edu, OH. Mon 9-11

ECN 1A teaches the core concepts of economics.

First how an economy composed of self-interested consumers and firms will behave – how the market transmits signals from millions of consumers that determine what is produced, and what the incomes of the various producers are. It also explains why in the economic sphere assuming self-interest is warranted.

Second it teaches how we can evaluate the performance of economies, and that the free market will typically achieve some social goals but not others.

Lastly we consider how to improve the functioning of markets while leaving them largely free of regulation. ECN 1A thus provides the intellectual justification for "capitalism" as a social system, and for the American way of life!

Text:

Discounted version of -

Krugman and Wells, Microeconomics, 4e w/ Sapling Access Card

ISBN 978-1-319-03707-9

\$109/net (this may only be available from the UCD bookstore)

Lectures: This class is in a terrible room, Arc 138, which is an indoor soccer court, now pressed into service for lectures. Consequently I am going to post the notes for each lecture on the class web page, and class attendance is not required. Also before each exam we will have some review sessions in smaller, more conventional, class rooms.

Class Requirements:

Task	When	Share of Course Grade
Online Problems	Weekly	10%
Midterm 1	Fri May 1, in Class	20%
Midterm 2	Fri May 22, in Class	20%
Final	Mon, June 8, 3:30-5:30 pm	50%

For the online homeworks we will automatically drop your lowest score. This allows you to miss one homework through illness or other reasons without penalty.

Each midterm score will only be counted if it improves your final grade. Thus if you have to miss a midterm for any reason that is not a problem. If you are not available for the scheduled final exam, or the midterms, then do not take this class. There will be no make-up exams.

The graded homework problems are available online from Sapling Learning. This comes with purchase of the class text, but can also be purchased independently. Each problem set will have an announced due date for credit for the class. The TAs will use these problems as the basis of discussion sections. Doing the problems is essential to doing well in the exams for this class.

I will be e-mailing instructions on how to register for this course on Sapling.

TAs: There are 5 TAs for the class, with contact details listed on the first page. As with the lectures attendance at the TA sections is optional. But if you want to do well, you will attend each one. The TAs will each have 2 hours of office hours per week, and you should feel free to visit any of them in office hours if you need assistance.

Grading: The Economics Faculty have set a norm of a 2.4 GPA for ECN 1A and 1B courses. Thus the class will be graded on a curve, with 2.4 as the average GPA.

Office Hours: I have two hours per week of office hours specifically for this class. Those before each exam will be packed. But if you have questions about the class concepts then the other times I will be mostly there on my own, and happy to help.

Outline Schedule

I have to miss three Friday classes. One because of a meeting of the Editorial Board of the UC Press, for which I am a member, and two because of lectures I am giving elsewhere. Rather than have a colleague teach these classes in the gym in my place, I think it will be much better to instead schedule some review sessions before each exam. For these sessions we will split into two smaller groups of 240, so that we can use a conventional classroom.

These reviews will be:

Sunday, April 26, 2-3:30 and 3:30-5.

Sunday, May 17, 2-3:30 and 3:30-5.

Friday, June 5, 2-3:30 and 3:30-5 (dead day).

Sunday, June 7, 2-3:30 and 3:30-5.

Week	Sunday	M	W	F
1	-	30 Mar	1 Apr	No class
2	-	6	8	No Class
3	-	13	15	17
4	-	20	22	24
5	Midterm Review (2-5 pm)	27	29	1 May – Midterm 1
6	-	4	6	8
7	-	11	13	15
8	Midterm Review (2-5 pm)	18	20	22 Midterm 2
9	-	25	27	No Class
10	-	1	3	Final Review (2-5 pm)
Finals	Final Review (2-5 pm)	8 – Final		

COURSE OUTLINE

I do not list a topic by day, because I never know exactly how quickly I will proceed.

A. Overview

1. Introduction – what does the capitalist economy look like?

Sections – Graphs in Economics (KRUGMAN+WELLS, Chapter 2, Appendix, 51-62)

2. Basic Ideas in Economic Analysis

Positive, Normative, Efficiency, Equity, Opportunity Cost, Marginal Cost

KRUGMAN+WELLS, Chapter 1, 5-24.

3. Simple Competitive Markets

Demand/Supply Curves, Price Determination, Producer/Consumer Surplus

KRUGMAN+WELLS, Chapters 2-3, 25-50, 67-102

4. Intervention in Simple Competitive Markets

Price, Quantity Controls, Taxes, Deadweight Loss, Rent Seeking

KRUGMAN+WELLS, Chapters 2-3, 7, 25-50, 67-102, 187-216.

5. The Labor Market and the Problem of Unemployment

KRUGMAN+WELLS, Chapter 19, 543-574

B. Fundamentals of Demand and Supply

6. The Determination of Demand Curves

Describing Demand, Elasticities

KRUGMAN+WELLS, Chapter 6, 161-186

Deriving Demand Curves

KRUGMAN+WELLS, Chapter 10 (Appendix), 303-328

7. Firms: Profit Maximization

Accounting versus Economic Profit

Profit Maximization Assumption

Rule for Profit Maximization - Marginal Revenue = Marginal Cost

KRUGMAN+WELLS, Chapter 9, 249-276

8. Firm Costs

KRUGMAN+WELLS, Chapter 11, 329-356

8. Monopoly Producers

Profit Maximization, Deadweight Loss, Price Discrimination

KRUGMAN+WELLS, Chapter 13, 385-41

9. Firms under Perfect Competition

KRUGMAN+WELLS, Chapter 12, 357-84

10. Monopolistic Competition

KRUGMAN+WELLS, Chapter 12, 445-64

C. Government

11. The Economic Theory of Government

KRUGMAN+WELLS, Chapter 18, 511-541

12. Externalities

KRUGMAN+WELLS, Chapter 16, 465-88