

# Economics 100A: Economic Analysis – Micro

Spring 2006

2050 VLSB, TuTh 2-3:30 PM

Instructor: Gordon Rausser

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Course website: <http://courseweb.berkeley.edu/courseweb/pub/courses/2006/SP/ECON/100A/001>

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Office Hours: Tuesday 3:30-5:30 pm, Thursday 4:30-6:30 pm

230 Giannini Hall, Professor Rausser

## Course Design and Description

### Graduate Student Instructors

GSI	Office Hours (Time&Location)	Contact Info	Sections
Farja, Yanay	MW 8-9, 425 Latimer	<a href="mailto:farja@are.berkeley.edu">farja@are.berkeley.edu</a>	101
Farja, Yanay	MW 9-10, 105 Latimer	<a href="mailto:farja@are.berkeley.edu">farja@are.berkeley.edu</a>	102
Saret, Jeff	MW 10-11, 56 Hildebrand	<a href="mailto:saret@econ.berkeley.edu">saret@econ.berkeley.edu</a>	103
Saret, Jeff	MW 11-12, 105 Latimer	<a href="mailto:saret@econ.berkeley.edu">saret@econ.berkeley.edu</a>	104
Whitaker, Mark	MW 1-2, 425 Latimer	<a href="mailto:mwhitaker@berkeley.edu">mwhitaker@berkeley.edu</a>	105
Whitaker, Mark	MW 2-3, 425 Latimer	<a href="mailto:mwhitaker@berkeley.edu">mwhitaker@berkeley.edu</a>	106
Nie, Lingyun	MW 3-4, 105 Latimer	<a href="mailto:nie@are.berkeley.edu">nie@are.berkeley.edu</a>	107
Nie, Lingyun	WF 12-1, 75 Evans	<a href="mailto:nie@are.berkeley.edu">nie@are.berkeley.edu</a>	108
Chang, Jung-Moh	T-TH 1-2, 183 Dwinelle	<a href="mailto:changjm@econ.berkeley.edu">changjm@econ.berkeley.edu</a>	109
Chang, Jung-Moh	T-TH 10-11, 175 Barrows	<a href="mailto:changjm@econ.berkeley.edu">changjm@econ.berkeley.edu</a>	110
Goncalves, Fernando	T-TH 11-12, 185 Barrows	<a href="mailto:fmg@econ.berkeley.edu">fmg@econ.berkeley.edu</a>	111
Goncalves, Fernando	T-TH 12-1, 185 Barrows	<a href="mailto:fmg@econ.berkeley.edu">fmg@econ.berkeley.edu</a>	112
Santillano, Robert (head)	WF 10-11, 285 Cory	<a href="mailto:rsantillano@berkeley.edu">rsantillano@berkeley.edu</a>	113
Santillano, Robert (head)	WF 11-12, 285 Cory	<a href="mailto:rsantillano@berkeley.edu">rsantillano@berkeley.edu</a>	114
Rafert, Greg	MW 11-12, 72 Evans	<a href="mailto:rafert@are.berkeley.edu">rafert@are.berkeley.edu</a>	115
Rafert, Greg	MW 12-1, 31 Evans	<a href="mailto:rafert@are.berkeley.edu">rafert@are.berkeley.edu</a>	116

### Course Description/Objectives

This course covers the major topics of standard microeconomic theory. Our analysis relies primarily on verbal, graphical, and algebraic explanations. We will use calculus, but if you want a more mathematical/theoretical treatment of the material, you should consider enrolling in Economics 101A.

For students interested in studying economics further, this course offers a thorough grounding in the basic tools used throughout economic studies. The course emphasizes intuitive explanations as well as mathematical justifications. Economics 100A is also useful for students studying other fields who want to understand the basic economics approach to addressing problems. It will provide familiarity with the language and discourse of economics and allow students to understand economic analyses of issues in other fields.

By the end of the semester, students should know the basic theory, models, and results of the topics covered. They should be able to use this knowledge to answer questions and analyze real-world situations. They should also be able to identify which theory or model is appropriate to analyze a particular question and explain why their answers are correct in intuitive, as well as mathematical, terms.

### **Course Requirements and Policies**

Economics 100A will require a substantial time investment from students. In addition to lectures, students will attend two sections each week, and complete problem sets. Because the material builds throughout the semester, keeping up with the course is critical.

Black Lightning notes may or may not be available, based on demand.

#### ***Prerequisites***

Students should have taken an introductory economics course (Econ 1, 2, C3, or Environmental Economics and Policy) and a calculus class (Mathematics 1A or Mathematics 16A) or the equivalents. If you are uncertain whether your background is sufficient, please discuss with your GSI at the first section meeting.

#### ***Required Materials***

The textbook for the class is *Microeconomics, 6<sup>th</sup> Edition* by Robert S. Pindyck and Daniel L. Rubinfeld. It is available, along with the accompanying Study Guide, in the bookstore. Problems from the study guide will not be used in assignments but it provides a useful resource. Previous editions of the book should suffice, although there is no guarantee that all relevant material is covered. It is also advisable to read a serious business periodical, Wall Street Journal, or business section of NY Times.

#### ***Grading***

Grades in the course will be determined according to this formula:

- 10% Lecture and section participation; pop quizzes (or approved research project)
- 10% Five graded problem sets (2 points per problem set)
- 20% Midterm 1
- 25% Midterm 2
- 35% Final Exam

#### ***Problem Sets***

Five problem sets are planned. You will have at least a week to complete each one. All problem sets and their suggested answer sheets will be posted to the website. Here is the tentative schedule:

<b>Problem Set</b>	<b>Handed Out</b>	<b>Due Back</b>
1	January 26	February 7
2	February 14	February 23
3	March 7	March 16

4	March 21	April 4
5	April 18	May 2

### ***Exams***

There will be two midterms in this course, together worth 45% of the final grade. These will be in-class exams on February 28 and April 6. The final exam is worth 35% of the final grade. Each midterm exam covers the material covered up to the date of that exam.

### ***Sections***

Sections meet twice weekly. Sections have two primary goals. First, they provide students the opportunity to collectively (under the guidance of the GSI) examine more closely challenging concepts and principals. Your GSI will work through examples of topics students are struggling with and answer student questions. Second, the section offers an opportunity to work on developing a more intuitive understanding of the material. As such, part of one section each week will include activities that require students to explain concepts.

### ***Late Assignments***

Late problem sets will not be accepted.

### ***Students with Disabilities***

If you need disability-related accommodation in this class, if you have emergency medical information you wish to share with me, or if you need special arrangements in the event of a building evacuation, please inform me immediately. Please see me privately after class or during office hours.

The Disabled Students' Program (DSP) is the campus office responsible for verifying that disabled students have disability-related academic accommodations and for planning appropriate accommodations. This is achieved in cooperation with the students themselves and their instructors. Students with a letter of accommodation from the DSP should provide both me and their GSI with a copy of the letter as soon as possible. We cannot provide accommodations without a letter, so students who need academic accommodations should request them from their department or college, or from DSP directly, at 260 César Chávez Student Center, 642-0518 (voice) and 642-6376 (TTY).

Please discuss arrangements with me at least one week prior to each exam.

### ***Academic Honesty***

Academic dishonesty of any sort will not be tolerated. University policies on academic dishonesty will be strictly enforced. Please read the University's policies on academic honesty/dishonesty which can be found at <http://www.housing.berkeley.edu/student/judicial/ethics/ethics1.html>. We encourage students to work together on studying material and working through problem set questions.

### **Schedule and Topics**

The Course Design and Description outlines the course lecture dates, topics, and specific reading assignments that should be completed prior to the associated lecture.

# Syllabus

Week	Date	Topics	Readings
<b>1. Markets and Prices</b>			
1	Jan 17	Markets and Prices	Chapter 1
1	Jan 19	The Core Elements: Supply and Demand	Chapter 2
<b>2. Consumer and Producer Behavior</b>			
2	Jan 24	Preferences, Utility and Budget Constraints	Chapter 3 (pp. 63-83)
2	Jan 26	Consumer Choice and Revealed Preference	Sections 3.3-3.6
3	Jan 31	Individual and Market Demand	Chapter 4 (pp. 107-121)
3	Feb 2	Formalizing Income & Substitutions Effects	Chapter 4 Appendix (pp. 145-152)
4	Feb 7	Market Demand and Consumer Surplus	Sections 4.3-4.5
4	Feb 9	Risk and Expected Utility	Sections 5.1-5.3, 5.5
5	Feb 14	Firm, Production and Scale	Chapter 6
5	Feb 16	Cost Measurement and Minimization	Sections 7.1-7.6
6	Feb 21	Formalizing Production and Cost Curves	Chapter Appendix (pp. 256-259)
6	Feb 23	Profit Maximization and Competitive Supply; Review	Chapter 8
7	Feb 28	MIDTERM #1	
<b>3. Perfect Competition and Pure Monopoly</b>			
7	Mar 2	Competitive Markets and Surplus	Sections 9.1-9.3
8	Mar 7	Taxes, Subsidies, Price Supports, and Quotas	Sections 9.4-9.6
8	Mar 9	Market Power: Monopoly	Sections 10.1-10.4
9	Mar 14	Monopsony and Antitrust Laws	Sections 10.5-10.7
9	Mar 16	Price Discrimination	Sections 11.1-11.4
10	Mar 21	Tying and Bundling; Advertising	Sections 11.5-11.6; Chapter 11 Appendix
10	Mar 23	Factor Markets and Vertical Structures	Sections 14.1-14.4
11	Mar 28	Spring Recess	
11	Mar 30	Spring Recess	
12	Apr 4	Capital Investments; Review	Sections 15.1-15.8
12	Apr 6	MIDTERM #2	
<b>4. Imperfect Competition and Market Failures</b>			
13	Apr 11	Monopolistic Competition and Oligopoly	Sections 12.1-12.2
13	Apr 13	Equilibrium Conditions	Section 12.3
14	Apr 18	Market Failure, Collusion and Cartels	Section 16.7, Sections 12.4-12.6
14	Apr 20	Game Theory and Strategic Behavior	Sections 13.1-13.7
15	Apr 25	Asymmetric Information	Sections 17.1-17.4, 17.6
15	Apr 27	Externalities	Sections 18.1-18.3
16	May 2	Common Property Resources and Public Goods	Sections 18.4-18.6
16	May 4	Regulated Markets and Auctions	Section 13.8
17	May 9	General Equilibrium and Economic Efficiency; Review	Sections 16.1-16.4
	May 12	(Friday) Final Exam Group 3, 5:00-8:00 pm, <a href="#">Location TBA</a>	