

ECO100B MICROECONOMICS B
(Production, Cost, and Perfect Competition)
UNIVERSITY OF CALIFORNIA AT SAN DIEGO
SUMMER TERM I 2016
SYLLABUS

Professor:

Dr. Michael Noel: Office: Office hours held in Center Hall 101
Office Hours: Mondays 1:00pm-1:50pm,
Wednesdays 1:00-1:50pm (alternate)
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See the Schedule of Classes for locations of lectures, sections, and the final exam.

The Course

This is the second course in the upper division microeconomics sequence. In the sequence, we revisit the supply and demand model from the micro principles course but do so in a more rigorous and mathematical way. The second course in the sequence, 100B, analyzes the supply side. We work through the problem of cost minimization by firms using optimization techniques from multivariate calculus and ultimately derive cost curves and learn how to set quantities, prices, and other variables to maximize profits for firms engaged in competition under the assumption of perfectly competitive markets.

Required Textbook

Varian, H. *Intermediate Microeconomics w/ Calculus*, 1st Edition.

Video Handbook

A link to a series of videos made by UCSD professors explaining various concepts in the course is available on the course's TritonEd site. The videos are highly recommended, as they provide additional background and examples to those presented in class.

Grading

There will be one term test (40% of the total grade) held in class on July 20th and one final exam (60%) held on July 29th during the final exam period (check the class schedule for location). If

you have other plans on those dates, do not take the course. The term test will cover about the first two and a half to three weeks of material. The only allowable reasons for missing a test or exam is a medically documented and unexpected illness on test day, a death in the family immediately preceding test day, or as permitted under the university policy on religious observances, disabilities, and UCSD athletics conflicts. There are no other exceptions so please check your schedules well in advance. For religious observances, disabilities, and UCSD athletic conflicts, notice must be given in the first week of class and alternate arrangements will be made. For illness, you must provide within one week of the test date a note from a physician stating that he/she evaluated you the same day as the test and that your illness reasonably prevented you from taking the test. For a death in the immediate family, provide documentation within two weeks.

If you do have a valid excuse to miss the term test, there will be no makeup and your grade will be based 100% on the final exam. If you miss the final exam, you will be given a grade of incomplete if your midterm is of passing quality and an F if it is not (as required under university grading policies). Therefore if you miss both exams, you will receive an F.

Note that if you start taking a test, the test counts. Under no circumstances can you have your test result not count (for illness or otherwise) after you have started taking it. Also note that the professor or t.a. cannot pre-approve requests to miss an exam for illness (for example, a student does not feel well but comes to the start of the exam to ask permission not to have to take it), but rather a note from a licensed physician is required.

The test and exam are closed book. You do not need blue books. Exams are 100% electronics free. No calculators (you do not need them), no cell phones, no iPods, no headphones, etc., no electronics of any kind in the exam hall. Also, no sunglasses or hats are permitted on test days. The final exam is cumulative, but heavily weighted to material from the second half of the course.

The marking scheme set out here cannot be amended for individual students. A student may not have a poor result excused, or make up for it by doing extra assignments, taking makeup exams or any other kind of additional work. All requests for exceptions must be denied. So please be sure to do the problem sets thoroughly and be prepared for the test and exam. We can help you before the tests, we cannot help you after.

Any regrade requests for the test or exam must be submitted in writing one week after the exam is returned to the class, with an explanation of the specific dispute written on a separate sheet of paper and attached to the front of the exam. The entire exam, start to finish, will then be regraded and your grade may go up or down. Be aware that exams, at the discretion of the professor, are photocopied prior to being returned to students the first time to eliminate the possibility of a student altering an exam (in serious violation of academic integrity rules) before resubmitting.

Problem Sets

Problems set questions will be distributed generally every week on the course's TritonEd site and are not graded, due to the accelerated summer schedule. Therefore there is no due date, but we

strongly suggest you attempt every problem prior to section. Selected problem questions are taken up in section. Experience has shown that simply reading the solutions without really working through the problems beforehand leads to a false sense of understanding and is a set up for disaster. Try to do the problems yourself first!

Exams draw very heavily from these problem sets and you want to understand how to solve these kinds of questions with confidence.

Academic Dishonesty

There is a zero tolerance policy in this class for academic dishonesty. Any student found guilty of academic dishonesty will receive an F in the course. If you are unsure what constitutes academic dishonesty, please ask or consult with your college dean. In all cases, the student's name and test or exam will be immediately forwarded to the Academic Integrity Office, who will impose an additional penalty, up to and including expulsion from the university. Please do not even *consider* doing this. It is not worth it!

Some Friendly Advice

Summer courses move very fast! We cover a week's worth of material every class. That's two weeks of material over a three day period (Monday – Wednesday). If you take Tuesday off, you may find yourself suddenly two weeks behind! It is imperative to stay on top of the material after every class. Several full days a week to study the course material is advised, more if your calculus is rusty. Begin studying for the test and exam starting on the first day of class. Do all the problem set questions well before section and before the solutions become available. By doing them in advance, you will know which ones you want to see taken up in section. The upper division 100 sequence moves **very** quickly and many students are not accustomed to the integration of calculus into economics problems. There are lots of resources available, experience shows that it is in your best interest to use them early and use them often! The professor and the teaching assistant is here to help.

Are You Ready the Honors Version for 100C?

If you earn an A/A- grade in 100A and 100B, you may be interested in the honors version of 100C, named 100CH. Honors classes are capped at 20 students and you will get to know the faculty member well (important for getting letters of recommendation). These classes typically have you give a short presentation and write a short paper. Presenting and writing in the major are two valuable skills that are challenging for us to offer in large classes. The one thing to note is that ECON100CH Honors is usually only offered in the spring quarter. Check with the economics department for more information.

Topics

All readings from the Varian text.

1. Firms and Production

Production Functions

Variable and Fixed Inputs
Law of Diminishing Marginal Returns
Isoquants
Marginal Products and Marginal Rate of Technical Substitution
Returns to Scale

(Chapter 19)

2. Costs

Economic vs Accounting Costs
Short Run vs Long Run Costs
Effects of Taxes

(Chapter 21, 22)

3. Competitive Firms and Markets

Competition in the Short Run and Long Run
Profit Maximization
The Supply Curve!

(Chapter 20, 23, 24)

4. Properties of the Competitive Model

Zero Profits
Producer Welfare
Efficiency of Competition
Policies that Shift Supply Curves

(Chapter 24)

5. General Equilibrium and Welfare

Partial vs General Equilibrium
Production and Trade
Efficiency and Equity
Role of Government

(Chapter 32, 33, 34)