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<http://www.econ.ucdavis.edu/faculty/gclark/ecn1a/index.html>
Office Hours: M, W 1:00-2:30

Spring 2004
M,W,F 9:00-9:50
CHEM 194

ECONOMICS 1A: PRINCIPLES OF MICROECONOMICS

Description: ECN 1A teaches the core concepts of modern 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 the assumption of self-interest seems 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 measures that can be adopted 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: Michael Parkin, Microeconomics (6th Edition) or **any** other introductory micro text written in the last 20 years (they all cover the same material in pretty much the same way)!

Requirements:

Exam	When	Share of Course Grade
Midterm 1	Fri, April 30	25%
Midterm 2	Fri, May 28	25%
Final	Sat, June 12, 1:30-3:30	50%

Problem Sets: Problem sets are available on the course web page, as are the answers. If you want to do well in this course you should do all the assigned problems, and check your answers. The TAs will use these problems as the basis of their discussion sections.

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.

Web Page: All the problem sets, answers to problems, old midterms, etc. will be posted on my web page.

A. Overview

1. **Introduction** (chapter 1) (In Section Graphs (Chapter 1, Appendix, pp. 17-30)).
Positive versus Normative Economics
2. **Basic Ideas in Economic Analysis** (Chapters 2, 5)
Efficiency, Equity, Opportunity Cost, Marginal Cost
3. **Simple Competitive Markets** (Chapters 3, 5)
Demand/Supply Curves, Price Determination, Producer/Consumer Surplus
4. **Intervention in Simple Competitive Markets** (chapter 6)
Price, Quantity Controls, Taxes, Deadweight Loss, Rent Seeking

B. The Fundamentals of Demand and Supply

5. **The Determination of Demand Curves**
Deriving Demand Curves (Chapters 7, 8), Describing Demand (Chapter 4)
6. **Firms: Profit Maximization**
Profit Maximization (Chapter 9), Cost Curves (Chapter 10)
7. **Firms under Perfect Competition** (Chapter 11)
8. **Monopoly Producers** (Chapters 12, 13 (pp. 279-86))

C. The Role of Government

9. **The Economic Theory of Government** (Chapter 16)
10. **Regulating Firms** (Chapter 17)
11. **Externalities** (Chapter 18)

12. **Redistributing Income** (Chapter 15)