

University of Colorado
Department of Economics

Spring 2010

Microeconomic Principles 2010-200, T-Th 11:00-12:15pm, Humanities 250

P. Graves

Content:

Microeconomic principles 2010 introduces you to t

3) Campus policy regarding religious observances requires that faculty make every effort to reasonably and fairly deal with all students who, because of religious obligations, have conflicts with scheduled exams, assignments or required attendance. In this class, it is unlikely that thi

The University of Colorado does not allow me to award even the best of you with an "A+," hence there is (unfortunately) little incentive to learn the material of any course, in particular this one. To overcome this difficulty--since I believe ii

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Consumer surplus, producer surplus, and the gains from voluntary trade. Demand curve as willingness-to-pay. Supply curve as marginal cost, hence willingness-to-sell. Consumer surplus and the paradox of value. A rationale for income transfers? Application: Incidence and welfare cost of taxation. Application: International trade. Theory of comparative advantage. S&D analysis of trade and tariffs. Developing countries. Exchange rates and the international financial system (probably will not get to much on this).

IV. CONSUMER CHOICE AND DEMAND

Note: we will do this material a bit differently from the book. Preference assumptions. Utility and the law of diminishing marginal utility. Rule of rational life. Can consumers do this (animal experiments)?

V. PUBLIC ECONOMICS

Externalities, public goods (including income distribution), common resources, Public choice theory: Will government do better? New theoretical material here (on public goods provision and optimal government institutions...not in micro books, yet!) The market "wishes" --but remember that giving the most of what people want (apart from the public goods problem raised) does not elevate those preferences... Public policy: car regulations, education, housing, cigarettes. Optimal tax systems.

(first midterm--after this material--the date will be voted on in class, with an eye to "optimizing" the selected)

VI. PRODUCER CHOICE AND SUPPLY

Introduction: Business organization. The production function, marginal products, and the law of diminishing marginal product, Time periods. Costs: Fixed, Variable, Total, Average, and Marginal, W

- A. The firm in perfect competition and supply. The abstract model assumptions. Three cases: profits, losses, shut-down. Market supply. Time periods, again. Efficiency versus equity again.
- B. The monopoly firm: definition and bases, When marginal revenue is