



Text:

Michael Parkin, *Microeconomics*, 2008

(Custom Edition for the University of California, San Diego, same text as for Econ 1 Fall 2007)

Course website:

<http://dss.ucsd.edu/~jhamilto/econ2.html>

- syllabus
- copies of lecture slides
- TA office hours
- problem sets, practice exams
- links to economic news stories

Or Google [James Hamilton teaching materials](#)

To drop or add the course or change discussion section:

Sequoyah Hall Room 245 8:00 a.m. – 12:00 p.m. and 1:00 p.m. – 4:30 p.m.

Course meets:

M-W-F 9:00-9:50 a.m. in Price Theatre

Instructor: James Hamilton

Office Hours: Econ Room 307

Mon 2:00-3:00

Fri 11:00-12:00

Email: [jhamilton@ucsd.edu](mailto:jhamilton@ucsd.edu)

Phone: (858) 534-5986

Exams:

Wed Jan 30 9:00-9:50 a.m.

Wed Feb 27 9:00-9:50 a.m.

Wed March 19, 8:00-11:00 a.m.

No one can leave exam room during an exam

Option 1:

25% first exam  
25% second exam  
50% on final

Option 2:

25% on best of first two exams  
75% on final

Special dates:

Jan 7-11: discussion sections will meet the first week of class

Mon Jan 21: no class or discussion sections

Wed Jan 30 and Fri Feb 1: no afternoon discussions (yes morning class)

Mon Feb 19: no class or discussion sections

Wed Feb 27 and Fri Feb 29: no afternoon discussions (yes morning class)

Purpose of course: applications of Economics (follow-up to Econ 1)

First two days: review producer and consumer surplus from Econ 1

Rest of course: how can markets work and how can they fail?

- monopoly
- strategic behavior
- environmental issues
- uncertainty
- minimum wage and income distribution
- role of government

## Chapter 5: Efficiency and Equity

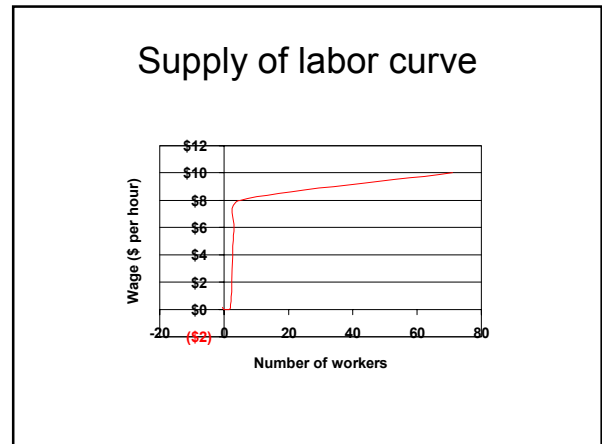
### A. Producer surplus

Employment opportunity:

landscape services  
5 hours per week  
cash pay, no benefits



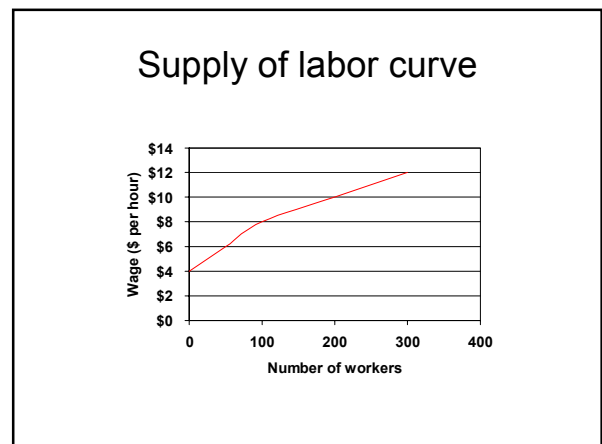
Hourly wage	Number of workers
\$0.1	2
\$6	3
\$8	5
\$10	71



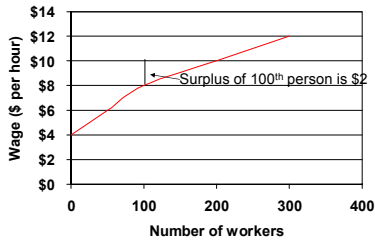
Supply of labor curve:  
 to hire a given number of workers  
 (represented by a point on horizontal axis)  
 we would have to pay a certain wage  
 (represented by a point on vertical axis)

Height = opportunity cost for that potential worker

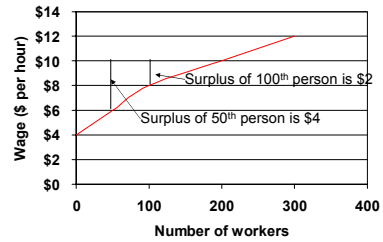
If you would be willing to work for \$8 and we pay you \$10, then your surplus as a producer is \$2



### Supply of labor curve

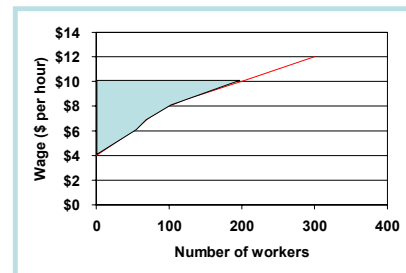


### Supply of labor curve



If hire 200 workers and pay each one \$10, total producer surplus is area above supply curve and below the wage

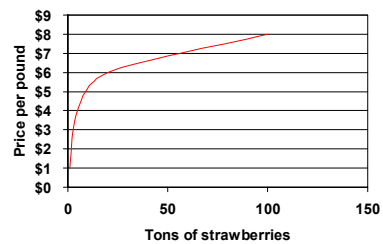
### Supply of labor curve



Another example: to bring more strawberries to market, producers could:

- Harvest more often
- Cultivate land being used for something else
- Cultivate less desirable land

### Supply of strawberries curve



If this region is a triangle, can find its area  
from Area =  $(1/2)$  base x height

