



## Econ 2

Instructor: James Hamilton

Office Hours: Econ Room 307

Mon 3:15-4:15

Thurs 2-3

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Phone: (858) 534-5986

## Why?

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

- monopoly
- strategic behavior
- environmental issues
- health care
- uncertainty
- income distribution
- role of government

## Where?

Course meets M-W-F 2:00-2:50 in Peterson 108

Special dates:

Fri Sep 30: no class but discussion sections will meet

Mon-Wed Oct 17-19: class meets but discussion sections will not

Wed Nov 2: no class but discussion sections will meet

Fri Nov 11: no class or discussion sections

Wed Nov 16: class meets but discussion sections will not

Fri Nov 25: no class or discussion sections

## Where else?

- In addition, you must be enrolled in a discussion section that meets 1 hour per week
- Sections won't meet today (Friday Sept 23)
- First meeting Monday Sept 26
- Can attend any discussion section you like
- Your exams will be graded by the TA for the discussion section in which you are officially registered

Mon 4-4:50	PETER 103	Vinayak Alladi, Roy Allen
Mon 10-10:50	WLH 2204	Matthew Louie
Wed 3-3:50	CENTR 222	Martha Gimbel, Ahmad Sharifi
Wed 5-5:50	PETER 103	Andrew Kosenko
Fri 4-4:50	PETER 103	Soojin Jo
Fri 5-5:50	PETER 103	Ayal Chen-Zion

## How?

To drop or add the course or change discussion section:

Sequoyah Hall Room 245

9:00 a.m. – 3:30 p.m.

Course website:

<http://dss.ucsd.edu/~jhamilto/Econ2.html>

will eventually have:

- syllabus
- copies of lecture slides (posted *after* lecture)
- TA office hours
- problem sets, practice exams

Or Google [James Hamilton teaching materials](#)

Exams:

Mon Oct 17, 2:00-2:50 p.m.

Wed Nov 16, 2:00-2:50.

Wed Dec 7, 3:00-6:00 p.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

Grade assignment:

Guarantee if you score

90% you'll get at least an A

80% you'll get at least a B

65% you'll get at least a C

50% you'll get at least a D

May assign a more generous curve than this based on distribution.

Problem sets:

- Are not required
- Don't count for your grade
- Are nevertheless a good idea
- Due before your discussion section meets

Problem Set 1:

1a-c, 2a-b, 4a-c, pages 197-198.

answers will be reviewed in discussion section next week (Sep 26-30)

Text:

Robert H. Frank and Ben S. Bernanke (2009), *Principles of Economics*, 4th edition, McGraw-Hill Irwin

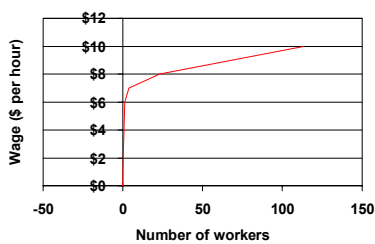
UCSD custom edition is identical to regular edition for purposes of this course

Chapter 7: Efficiency and Exchange

A. Producer surplus

Hourly wage	Number of workers
\$6	1
\$7	4
\$8	23
\$10	113

Supply of labor curve



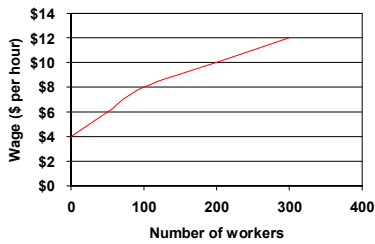
Supply of labor curve:

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)

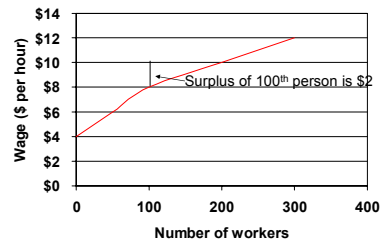
Height = opportunity cost for that potential worker

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

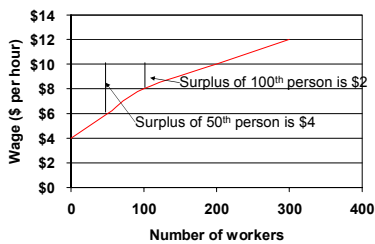
Supply of labor curve



Supply of labor curve

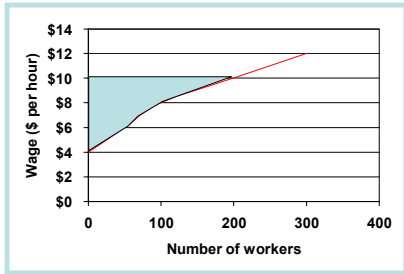


Supply of labor curve



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

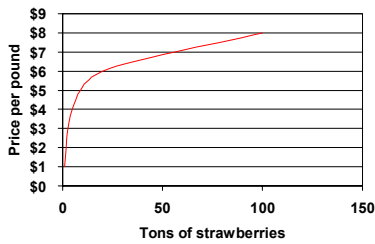
### Supply of labor curve



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  $\text{Area} = (1/2) \text{ base} \times \text{height}$

