EC 201  
Microeconomic Theory  

Syllabus

Course Description: EC 201 develops a theoretical framework with which to analyze the behavior of the two basic economic decision-makers, the consumer and the producer. This framework is used to investigate the determination of price and output in perfectly and imperfectly competitive markets. Criteria for analyzing economic welfare are developed and applied to a variety of market settings.

Prerequisites: One semester of calculus (e.g., MT 100).

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Office Hours: TTh 3:30-4:30 or by appointment


Examinations and Problem Sets: There will be three exams – two midterms and a final. The material covered in the second midterm and the final exam will be cumulative from the beginning of the course. There also will be a number of problem sets.

Grading: Midterm 1: 20%
         Midterm 2: 30%
         Final: 40%
         Problem Sets: 10%

Examination Make-up Policy: The following policy will be strictly enforced. (1) To be sure you are not penalized for missing an exam, you must obtain my approval before the exam. (2) There will be no make-up exams for either midterm. If you miss a midterm exam, the weight assigned to that exam will be distributed over the remaining exams.

Academic Integrity: Cheating on any exam will result in (1) an automatic failure in the course and (2) reporting the incident to the College of Arts and Sciences as required by the University. See www.bc.edu/offices/stserv/academic/resources/policy.html#integrity for a full discussion of the university’s policies and procedures regarding academic integrity.
Course Outline

I. Course Introduction
   Katz and Rosen, Chapter 1 (especially pp. 2-3, 7-8, and 10-17)
   Sept. 7

II. Consumer Behavior
   Katz and Rosen, Chapter 2 (pp. 21-40, 43-52, including appendix); Chapter 3 (pp. 55-68, 73-85); Chapter 4 (pp. 93-101, 108-15)
   --Preferences and Indifference Curves Sept 7-9
   --Budget Constraint Sept 14
   --No class (Mass of the Holy Spirit) Sept 16
   --Consumer Equilibrium Sept 21
   --Price and Income Changes Sept 23
   --Elasticity Sept 28
   --Income and Substitution Effects Sept 30
   --Consumer Surplus Oct 5
   Sept 7-Oct 5

   First Midterm Exam Oct 7

III. Producer Behavior
   Katz and Rosen, Chapters 8 and 9 (including Chapter 9 appendix); Students who feel they need to review basic producer theory should read Chapter 7 before studying Chapters 8 and 9.
   --The Production Function and Its Technical Properties Oct 7-14
   --Cost in the Short Run Oct 19-21
   --Cost in the Long Run Oct 26
   --Review of Producer Behavior Oct 28
   Oct 7-28

IV. Competitive Markets
   Katz and Rosen, Chapter 10 (pp. 299-321); Chapter 11 (pp. 326-42, 359-67).
   --Price-Taking Behavior in Short and Long Runs Nov 2-4
   --Factor Demand Nov 9
   --Competitive Equilibrium Nov 11
   Nov 2-11

   Second Midterm Exam Nov 16

V. General Equilibrium and Welfare Economics
   Katz and Rosen, Chapter 12 (pp. 370-94).
   --General Equilibrium Nov 18
   --Welfare Economics Nov 23-30
   Nov 18-30

VI. Monopoly
   Katz and Rosen, Chapter 13 (pp. 407-21; 425-32).
   --The Monopoly Model Dec 2
   --Equity and Efficiency Implications Dec 7
   --Antitrust Policy Dec 9
   Dec 2-9

Final Exam Tuesday, Dec 14, 12:30 pm