Microeconomic Theory
EC 201.05 (9:00), and EC 201.04 (1:30)
Autumn 2010

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Required Text:

MICROECONOMICS AND BEHAVIOR by Robert H. Frank, 8th ed. All readings on the reading list refer to this text. Other short readings will be passed out in class.

Required Supplementary Readings:


In addition to the readings from the text, you must follow current events on the decision making process of federal, state and local government, local businesses (small and large), local community groups, and the interaction and motivation of these decisions. E.g.-- decisions on business location, transportation and education funding, externality concerns, minimum wage legislation, rent control, etc. It is also interesting and important to follow national policy issues on output, employment, inflation, fiscal and monetary policy, the budget deficit, the trade deficit, and other issues of macroeconomic policy. These macroeconomic policies often influence microeconomic decisions.

Other Course Requirements:

Grading will be based upon:

Two Midterms (25% each): 1) Thursday, October 7. 2) Thursday, November 11.
Several Problem Sets and Class Participation (10%).
Final Exam (40%). Exam Week.

If school happens to be canceled (e.g. snow day) on the day of a scheduled exam, the exam will be given the next class meeting. There are no make up exams. If there is an excused absence from a test, i.e. documentation from a dean, the following exam(s) will be weighted more heavily.

No use of electronic devices (computers, phones, etc.) in class. If you need to communicate with someone during class, please leave the room.
Suggestions:

Come to class regularly since most of my exam questions will be based on topics we discuss in class. Many of these topics are covered in the text, yet some are not. Please ask questions early and often. If you are confused about an issue, the odds are that many other people are confused also. Questions spur interesting discussions. I encourage everyone to participate in class discussions. Come to office hours if you have additional questions.

Academic Integrity:

I expect all students to do only their own work on exams and quizzes, and to make a serious individual effort on the problem sets. Please refer to the student handbook to become familiar with the details of the entire college academic integrity policy. Any breach of academic integrity (e.g. cheating on a quiz) will result in a failure for the entire class. We will discuss collaboration on the problem sets in class.

Course Outline:

I. Introduction: What is Economics?
   
   Chapter 1: Thinking Like an Economist
               Cost Benefit, Invisible Hand, Rationality, Marginal Analysis,
               Efficiency/Equity.
               
   Chapter 2: Supply and Demand
               Equilibrium, Welfare, Rationing and Allocative Functions.
               
II. The Theory of Consumer Behavior

   Chapter 3: Rational Consumer Choice
               Budget Constraints, Preferences, Applications.
   
   Chapter 4: Individual and Market Demand
               Income and Price Changes, Elasticity.
   
   Chapter 5: Applications of Rational Choice and Demand Theories
               Policy Questions (Gas Tax, School Vouchers), Intertemporal Choice.
   
   Chapter 6: Economics of Information and Choice Under Uncertainty.
   
   Chapter 7: Altruism. (If Time)

   Chapter 8: Cognitive Limitations and Consumer Behavior. (If Time)

III. The Theory of the Firm and Market Structure

   Chapter 9: Production
               Product Curves, Short Run and Long Run.
   
   Chapter 10: Costs
               Cost Curves, Allocating Production Between Two Processes.
Chapter 11: Perfect Competition
Short Run, Long Run, Efficiency, Elasticity of Supply.

Chapter 12: Monopoly
Defining, Efficiency Loss, Public Policy.

Chapter 13: Imperfect Competition: A Game-Theoretic Approach
Cournot and Bertrand Duopolists, Stackelberg Equilibrium, Spatial Interpretation, Oligopoly, monopolistic Competition.

Property Rights, and The Coase Theorem

IV. **General Equilibrium and Welfare**

Chapter 18W: General Equilibrium and Market Efficiency (*Online*)

V. **Factor Markets**

Chapter 14: Labor (*If Time*)

Chapter 15: Capital (*If Time*)