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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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)
   Jan 18

II. Consumer Behavior
    Katz and Rosen, Chapter 2 (pp. 21-40, 43-52);
    Chapter 3 (pp. 55-68, 73-85, and calculus appendix pp. 88-92);
    Chapter 4 (pp. 93-101, 108-15)
    --Preferences and Indifference Curves Jan 18-20
    --Budget Constraint Jan 25
    --Consumer Equilibrium Jan 27
    --Price and Income Changes Feb 1
    --Elasticity Feb 3
    --Calculus Appendix (Chapter 3) Feb 8
    --Income and Substitution Effects Feb 10
    --Consumer Surplus Feb 15
    --No Class Feb 17
    Jan 18-Feb 15

First Midterm Exam Feb 22

III. Producer Behavior
     Katz and Rosen, Chapters 8 and 9 (including Chapter 9 appendix pp. 289-93);
     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 Feb 22-Mar 1
     --Cost in the Short Run Mar 3-15
     --Cost in the Long Run Mar 17
     --Calculus Appendix (Chapter 9 pp. 289-93) Mar 22
     --Review of Producer Behavior Mar 24
     Feb 22-Mar 24

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 Mar 29-31
    --Factor Demand Apr 5
    --Competitive Equilibrium Apr 7
    Mar 29-Apr 7

Second Midterm Exam Apr 12

V. General Equilibrium and Welfare Economics
   Katz and Rosen, Chapter 12 (pp. 370-94).
   --General Equilibrium Apr 14
   --Welfare Economics Apr 19-26
   Apr 14-26

VI. Monopoly
    Katz and Rosen, Chapter 13 (pp. 407-21; 425-32).
    --The Monopoly Model Apr 28
    --Equity and Efficiency Implications May 3
    --Antitrust Policy May 5
    Apr 28-May 5

Final Exam
   Monday May 16, 9:00 am