

Economics 203.01 - Micro Theory: Honors
Tuesday - Thursday 10:30
Campion 303

Syllabus
Fall 1999

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Boston College
Carney 145
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Office Hours: TTh 4:40-5:40pm and by appointment

Economics 203 is designed to provide students with a thorough grounding in price theory. The subject matter is intrinsically analytical and we rely on mathematics as an important tool. Students in this course should be comfortable with calculus.

Text

The required text is Varian, Intermediate Microeconomics: A Modern Approach, fifth edition. You may also wish to purchase Workouts in Microeconomics by Bergstrom and Varian (it is not required). Although problem sets will be given out in the class, this text will provide you with extra problems with which to practice your skills.

Grading

The course grade is based on three exams, problem sets, and class participation. There will be two in-class midterms and a final exam. Each midterm will count for 25 percent of the grade. The final will count for 40 percent of the grade. The remaining 10 percent of the grade will be determined by problem sets and class participation.

Exams

The first in-class midterm will be on October 7th. The second in-class midterm will be given on November 11th. The final exam will be December 14th at 9am. No make-up or early exams will be given. Be sure to check your schedule now to determine any conflicts.

Problem Sets

Eight problem sets will be assigned during the course. Of these, I will drop the two lowest grades. In practice, this means that you can miss two problem sets without penalty. However, no late problem sets will be accepted.

The packet of problems will be handed out the first week of class. The due date for each set of problems is listed on the reading schedule on the next page.

It is very important that all students complete these problem sets since there is really no other way to learn the material or prepare for the exams. Working with other students is an excellent way to improve your skills as you solve the problem sets. Thus, collaboration is allowed and encouraged. However, each student must hand in his or her own completed problem set. Also, please acknowledge your study partners on your problem set (in other words, list the people with whom you worked).

Class Schedule

| <u>Date</u> | <u>Reading**</u> | <u>Main Topic</u> | <u>Problems Due</u> |
|--------------|------------------|--|---------------------|
| September 2 | Chp 1 | Introduction and Math Review | |
| September 7 | Chp 2 | Budget Constraint | |
| September 9 | Chp 3, 4 | Preferences and Utility | |
| September 14 | Chp 5 | Consumer's Optimum | Problem Set 1 |
| September 16 | Chp 6 | Demand | |
| September 21 | Chp 8 | Slutsky Equation | |
| September 23 | Chp 9 | Applications: Labor Supply | Problem Set 2 |
| September 28 | Chp 10, 12 | Applications: Intertemporal Choice Uncertainty | |
| September 30 | Chp 14-16 | Consumer's Surplus Market Demand Equilibrium | Problem Set 3 |
| October 5 | --- | Review | |
| October 7 | --- | Midterm #1 | |
| October 12 | --- | Discussion of Midterm #1 | |
| October 14 | Chp 29 | Exchange | Problem Set 4 |
| October 19 | Chp 18 | Technology | |
| October 21 | Chp 19, 20 | Profit Maximization and Cost Minimization | |

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|-------------|-------------|---------------------------------|-----------------------------|
| October 26 | Chp 21 | Cost curves | |
| October 28 | Chp 22 | Firm Supply | |
| November 2 | Chp 23 | Industry Supply | Problem Set 5 |
| November 4 | Chp 24, 25 | Monopoly Theory and Behavior | |
| November 9 | --- | Review | |
| November 11 | --- | Midterm # 2 | |
| November 16 | | Discussion of Midterm #2 | |
| November 18 | Chp 26 | Factor Markets | Problem Set 6 |
| November 23 | Chp 27, 28 | Oligopoly & Game Theory | |
| November 30 | Chp. 32, 35 | Public Goods Externalities | |
| December 2 | Chp 26 | Asymmetric Information | Problem Set 7 |
| December 7 | --- | Review | |
| December 10 | --- | No class Study Day | Problem Set 8 Due by 5pm |
| December 14 | --- | Final Exam 9am | |

** The readings include the chapter appendices.