

BOSTON COLLEGE  
DEPARTMENT OF ECONOMICS

EC201.03  
Microeconomic Theory  
Dr. H. S. Kazemi  
Tel: (617) 552-4514

Fall1996  
Office: Carney 243  
Office Hrs. Tues.&  
Thurs. 4:15-5:15

A. Text Book:

Browning and Browning, Microeconomic Theory and Applications, 4th Edition  
HarperCollins Publishers, 1996. 1993.

B. Exams and Grading:

There will be three exams. Two mid-terms accounting for 25% of your final grade each and a final which accounts for 30% of the total grade. You are required to work on a number of assignments which will account for 10% of your total grade. Since student participation in class discussions is an important part of this course and the learning process, the remaining 10% will be assigned to your class preparedness and participation in discussions. "Make-up" or early exams will not be given. Students should check their schedules to make sure no conflicts will occur on exam dates as scheduled below.

Exam dates: The first two exam dates to be announced in class and the final is on December 12th at 12:30 p.m.

C. Reading Schedule:

1. Fundamentals: Demand and Supply

- a. demand curve
- b. supply curve
- c. price determination

Reading Assignment: Chapter 1

2. the Theory of Consumer Behavior

- a. budget line
- b. indifference curves
- c. consumer's choice
- d. total and marginal utility
- e. income and substitution effects
- f. individual and market demand
- g. price elasticity
- h. applications

Reading Assignment: chapters 2, 3 and 4

3. Exchange, Efficiency and Prices

- a. the Edgeworth Box
- b. two-person exchange
- c. n-person exchange

Reading Assignment: chapter 5

4. Theory of Production and Cost
  - a. isoquants
  - b. the law of diminishing marginal returns
  - c. three stages of production
  - d. costs of production
  - e. marginal cost
  - f. short-run vs long-run cost

Reading Assignment: chapters 6 and 7

5. Theory of Firm
  - a. profit maximization in a competitive market
  - b. short-run vs long-run
  - c. applications

Reading Assignment: chapters 8, 9 and 10

6. Monopoly
  - a. assumptions and definitions
  - b. monopolistic demand
  - c. marginal revenue
  - d. profit maximization

Reading Assignment: chapter 11

7. Monopolistic Competition and Oligopoly
  - a. price and output
  - b. market equilibrium
  - c. Cournot Model
  - d. Stackelberg Leader-Follower Model
  - e. the Dominant Firm Model
  - f. the Kinked Demand Curve Model
  - g. the Cartel

Reading Assignment: chapter 12

8. Game Theory and the Economics of Information
  - a. equilibrium determination
  - b. Nash equilibrium
  - c. prisoner's dilemma
  - d. moral hazard

Reading Assignment: chapter 13

9. More on the Market Structure
  - a. welfare cost of monopoly
  - b. regulated monopoly

Reading Assignment: chapter 14

10. the Input Demand Curve

- a. marginal value product
- b. marginal revenue product
- c. marginal cost of an input
- d. monopsony

Reading Assignment: chapter 15