

BOSTON COLLEGE
DEPARTMENT OF ECONOMICS

EC201.03
Microeconomic Theory
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Fall 1997
Office: Carney 243
Office Hrs. Tues.&
Thurs. 4:15-5:15

A. Text Book:

Browning and Zupan, Microeconomic Theory and Applications, 5th Edition
Harper-Collins Publishers, 1996.

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. 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: Chapters 1, 2, and 3.

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 4, 5 and 6.

3. Exchange, Efficiency and Prices
 - a. the Edgeworth Box
 - b. two-person exchange
 - c. n-person exchange

Reading Assignment: chapter 7.

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 8 and 9.

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

Reading Assignment: chapters 10 and 11.

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

Reading Assignment: chapters 12 and 13.

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 14.

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

Reading Assignment: chapter 15.

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

Reading Assignment: chapter 16.

10. the Input Demand Curve
 - a. marginal value product

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

Reading Assignment: chapters 17 and 18.