Syllabus

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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Office Hours: TTh 1:30-2:30 and 4:30-5:00, or by appointment


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/publications/ucatalog/policy.shtml#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)  Sept 3

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  Sept 4-6
   --Budget Constraint  Sept 11
   --Consumer Equilibrium  Sept 13
   --Price and Income Changes  Sept 18
   --Elasticity  Sept 20
   --Calculus Appendix (Chapter 3)  Sept 25
   --Income and Substitution Effects  Sept 27
   --Consumer Surplus  Oct 2

First Midterm Exam  Oct 3

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  Oct 3-10
   --Cost in the Short Run  Oct 15-17
   --Cost in the Long Run  Oct 22
   --Calculus Appendix (Chapter 9 pp. 289-93)  Oct 24
   --Review of Producer Behavior  Oct 29

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  Oct 31-Nov 5
   --Factor Demand  Nov 7
   --Competitive Equilibrium  Nov 12

Second Midterm Exam  Nov 14

V. General Equilibrium and Welfare Economics
   Katz and Rosen, Chapter 12 (pp. 370-94).
   --General Equilibrium  Nov 19
   --Welfare Economics  Nov 21-26

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

Final Exam  Saturday, Dec 21, 9:00 am