

**Boston College**  
Department of Economics

Microeconomic Theory  
EC201.04  
Autumn 2002

e-mail: kazarosi@bc.edu

Professor Mark Kazarosian  
Office: Carney 142, Ext.2-3682  
Office Hours: Tuesday 10:30-12:00  
Thursday 2:00-3:00  
Also by appointment

**Required Text:**

MICROECONOMICS AND BEHAVIOR by Robert H. Frank. All readings on the reading list refer to this text. Other short readings will be passed out in class.

**Required Supplementary Readings:**

Any major newspaper. Suggestions: Wall Street Journal, Boston Globe, New York Times.

In addition to the readings from the text, you must follow current events on the decision making process of federal, state and local government, local businesses (small and large), local community groups, and the interaction and motivation of these decisions. E.g.-- decisions on business location, transportation and education funding, externality concerns, and rent control. It is also interesting and important to follow international policy issues, on output, employment, inflation, fiscal and monetary policy, the budget deficit, the trade deficit, and other issues of macroeconomic policy. These macroeconomic policies often influence microeconomic decisions.

**Other Course Requirements:**

Grading will be based upon:

Two Quizzes (10% each): 1) Thursday, October 10.2) Tuesday, November 26.  
One Midterm (30%): Tuesday, October 22  
Several Problem Sets and Class Participation (15%).  
Final Exam (35%). Exam Week.

If school happens to be canceled (e.g. snow day) on the day of a scheduled exam, the exam will be given the next class meeting. There are no make up exams. If there is an excused absence from a test, i.e. documentation from a dean, the following exam(s) will be weighted more heavily.

**Suggestions:**

Come to class regularly since most of my exam questions will be based on topics we discuss in class. Many of these topics are covered in the text, some are not. Ask questions early and often. If you are confused about an issue, the odds are that a bunch of other people are confused also. Questions spur interesting discussions. I encourage everyone to participate in class discussions. Come to office hours if you have additional questions. Please, for your own good, don't wait until the day before a test to come see me.

**Course Outline:** (Details will follow)

**Introduction:**

**I. Introduction: What is Economics?**

Chapter 1: Thinking Like an Economist  
Cost Benefit, Invisible Hand, Rationality and Self Interest.

Chapter 2: Supply and Demand  
Equilibrium, Welfare, Rationing and Allocative Functions.

**II. The Theory of Consumer Behavior**

Chapter 3: Rational Consumer Choice  
Budget Constraints, Preferences, Applications.

Chapter 4: Individual and Market Demand  
Income and Price Changes, Elasticity.

Chapter 5: Applications of Rational Choice and Demand Theories  
Policy Questions (Gas Tax, School Vouchers), Intertemporal Choice.

**(If Time)**

Chapter 6: Economics of Information and Choice Under Uncertainty.

Chapter 7: Altruism.

**III. The Theory of the Firm and Market Structure**

Chapter 9: Production  
Product Curves, Short Run and Long Run.

Chapter 10: Costs  
Cost Curves, Allocating Production Between Two Processes.

Chapter 11: Perfect Competition  
Short Run, Long Run, Efficiency, Elasticity of Supply.

Chapter 12: Monopoly  
Defining, Efficiency Loss, Public Policy.

Chapter 13: Oligopoly and Monopolistic Competition  
Cournot and Bertrand Duopolists, Stackelberg Equilibrium, Spatial Interpretation.

**IV. Factor Markets**

Chapter 14: Labor

Chapter 15: Capital

**V. General Equilibrium and Welfare**

Chapter 16: General Equilibrium and Market Efficiency

Chapter 17: Externalities, Property Rights, and The Coase Theorem

