

Boston College
Department of Economics

Microeconomic Theory
EC201
Autumn 2003

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Office Hours: Tues., Thurs. 10:30-12:00
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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) Tuesday, September 30. 2) Tuesday, November 25.
One Midterm (30%): Tuesday, October 14
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

