

Microeconomic theory Honors EC203.01 Fall 2003
Professor Ingela Alger

This course first develops a theoretical framework to analyze consumer and producer behavior. The framework is then employed to investigate the determination of prices and output in various market situations, the implications for welfare and the government's potential role for intervention.

Prerequisite: EC 131 and Calculus

Texts

The required textbook is Microeconomics, 3rd ed., by Michael L. Katz and Harvey S. Rosen. You can find it in the campus bookstore, where you will also find the Study Guide to Accompany the textbook, by Robert Rosenman. You are not required to purchase the study guide, but it is strongly recommended. The best way to digest the material in this course is to do a lot of exercises, and the study guide contains exercises with answers (whereas the textbook provides no answers to the exercises therein).

Exams, problem sets and grading

There will be two mid-term exams in class (tentative dates are October 2 and October 28), and one final. Please let me know of any schedule conflict as soon as possible.

There will be eight problem sets. Late problem sets will not be accepted. I will nevertheless drop your lowest problem set grade, implying that you can miss one problem set without being penalized. You are encouraged to work together with other students on the problem sets, since discussing the problems with others should increase your understanding of the course material. It is however absolutely necessary that you alone write up the solution you hand in.

The final grade will be a weighted average of the exams and problem sets. The following weights will apply:

Each mid-term	20%
Final	40%
Problem sets and class participation	20%

Contact information

Office hours: Tuesdays and Thursdays 9.30-11.30, and by appointment.

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Outline EC203.01 Fall 2003

Sept. 2	Introduction Math review Consumer choice: preferences	1 2.1-2.2, 3A.1
Sept. 4	Consumer choice: preferences (cont.)	
Sept. 9	Consumer choice: the budget constraint equilibrium	2.3 2.4, 3A.2
Sept. 11	Individual demand	3.1-3.2
Sept. 16	Market demand and elasticity The Slutsky Equation	3.3, 3A.3 4.1
Sept. 18	Trade-off between income and time: Labor supply	5.1
Sept. 18 (7-9 p.m.) or Sept. 22 (8-10 a.m.)	Intertemporal consumption decisions: Supply of savings Compensating and equivalent variations	5.2 4.2-4.3
Sept. 23	Consumer surplus	4.4
Sept. 25	Pure exchange economy Review Session	pp. 374-383
Sept. 30	The firm: introduction The production function	7.1-7.2 8
Oct. 2	<u>Mid-term exam I</u> (in class, 75 minutes)	
Oct. 7	The production function (cont.) Cost	9
Oct. 9	Cost (cont.)	9A1.-9A.2
Oct. 14	Product supply Factor demand	10.1 10.2
Oct. 16	Perfectly competitive markets	11.1

Oct. 21	Tax incidence; other applications	11.2-11.3
Oct. 23	Review Session	
Oct. 28	<u>Mid-term exam II</u> (in class, non-cumulative,75 minutes)	
Oct. 30	General equilibrium	12.1
Nov. 4	Welfare economics	12.2
Nov. 6	Externalities and public goods	18.1-18.2, 18.3
Nov. 11	Market power: monopoly	13
Nov. 13	Market power: oligopoly	15.1-15.2
Nov. 18	Oligopoly (cont.)	
Nov. 20	Asymmetric information	17.2-17.3
Nov. 25	Asymmetric information (cont.)	
Dec. 2	Review Session	
Dec. 4	<u>Final Exam</u> (cumulative, two hours)	