

**Microeconomic Theory Honors EC203.01**  
**Professor Ingela Alger**  
**Fall 2004**

This course 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.

**Exams, problem sets and grading**

There will be two mid-term exams in class (tentative dates are October 12 and November 4), and one final. Please let me know of any schedule conflict as soon as possible.

There will be graded assignments each week. I will drop the four lowest assignment grades.

To complete the assignments, you will be required to access a new website dedicated to students and professors of economics. To access the website, you need to register for an account with Aplia at <http://econ.aplia.com> (see the enclosed instructions).

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

Each mid-term	20%
Final	35%
Problem sets and class participation	25%

**Contact information**

Office hours: Wednesdays 9.00-12.00, and by appointment.

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## **Aplia Website**

The Aplia site requires a separate registration process. Here are the steps:

1. Connect to <http://econ.aplia.com>
2. Complete the Configuration Test and make adjustments to your configuration if necessary
3. Return to the Sign In page and click "Register Here"
4. You will be prompted to enter your e-mail address and select a password
5. You will then be asked to enter your course key, which is: 3GUA-8FU5-YYGP

You will only need to register once. After the registration process is complete, you will not need to enter the course key again. For technical problems or problems signing in, please send Aplia an e-mail by clicking on the "Help" link in the upper-right corner of any page or by e-mailing [support@aplia.com](mailto:support@aplia.com).

**Student benefits:** By completing regular work in association with the lectures, you will better prepare yourself for the lectures and exams in the course. Cramming is not an effective method of learning. Think of the regular assignments on Aplia as a weekly Economics workout. Practicing and applying what you are learning from Aplia and lecture will better prepare you for class.

**Aplia assignments:** Many assignments come in pairs of practice and graded problem sets. The practice sets give you immediate feedback about whether your answer is right or wrong and an explanation of the correct answer. They are not counted as part of your homework grade. Use them to check your understanding of the material. If you are confident, you can go directly to the graded problem set, and refer back to the practice set only if you want some additional help.

The graded problem sets have a firm due date. You can change your answers as many times as you like before the due date has passed. Once the due date has passed, the grade will be recorded and it will not be possible to change your answers or complete the assignment at this point. In other words, Aplia assignments must be completed by the due date. The software does not care whether you have an excuse or not. These assignments are posted weeks in advance. Do them early to avoid any emergencies preventing your completion before the due date. After the due date, you will be able to see the correct answers and the explanations for graded problems.

The cost of Aplia is **\$28** per student for this class for the semester. You may register and use the website until **09/28/2004** without paying the fee. If you are considering dropping this course during the drop/add period, do not make a payment until you are sure. You will need to pay the full amount before the end of the grace period to continue using the site. You may pay online with a credit card or personal check, or you can mail a check or money order to the address provided on the Aplia site.

**Disclaimer:** I am not financially affiliated with Aplia and receive no monetary benefit from requiring this material.

## Outline EC203.01 Fall 2004

Sept. 7	Introduction Math review Consumer choice: preferences	1  2.1-2.2, 3A.1
Sept. 9	Consumer choice: preferences (cont.)	
Sept. 14	Pure exchange economy	pp. 374-383
Sept. 16	Consumer choice: the budget constraint equilibrium	2.3 2.4, 3A.2
Sept. 21	Individual demand Market demand and elasticity	3.1-3.2 3.3, 3A.3
Sept. 23	Income and substitution effects	4.1
Sept. 28	Trade-off between income and time: Labor supply Intertemporal consumption decisions: Supply of savings	5.1 5.2
Sept. 30	Compensating and equivalent variations Consumer surplus	4.2-4.3 4.4
Oct. 5	Review Session	
Oct. 7	The firm: introduction The production function	7.1-7.2 8
Oct. 12	<b><u>Mid-term exam I</u></b> (in class, 75 minutes)	
Oct. 14	The production function (cont.) Cost	9
Oct. 19	Cost (cont.)	9A1.-9A.2
Oct. 21	Product supply Factor demand	10.1 10.2
Oct. 26	Perfectly competitive markets	11.1

Oct. 28	Tax incidence; other applications	11.2-11.3
	Taxes and Welfare Experiment (Aplia)	
Nov. 2	Review Session	
Nov. 4	<b><u>Mid-term exam II</u></b> (in class, non-cumulative,75 minutes)	
Nov. 9	General equilibrium	12.1
Nov. 11	Welfare economics	12.2
Nov. 16	Externalities and public goods	18.1-18.2, 18.3
Nov. 18	Market power: monopoly	13
Nov. 23	Market power: oligopoly	15.1-15.2
Nov. 30	Oligopoly (cont.)	
Dec. 2	Asymmetric information	17.2-17.3
	A Market for Lemons: Experiment (Aplia)	
Dec. 7	Asymmetric information (cont.)	
Dec. 9	Review Session	
Dec. 15	<b><u>Final Exam</u></b> (cumulative, two hours)	