

BOSTON COLLEGE
DEPARTMENT OF ECONOMICS

EC201.04
Fall 2009
T Th 1:30 - 2:45 PM
Carney 203

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Office hours: W 4:30 – 5:30
Th 4:00 – 5:00
and by appointment

MICROECONOMIC THEORY

This course analyzes the behavior of individual consumers and firms, and how their actions aggregate into markets. We will study both competitive markets and markets in which firms have market power. We will discuss the circumstances under which markets have some remarkable and very positive properties, and what happens when, as is often the case, these circumstances do not exist. The understanding and appreciation of these market properties, even with their limitations, differentiate most economists from those without this understanding. It is important to know when these properties are likely to occur and when they are not, and what the appropriate public policy response is in the latter cases.

The course **prerequisites** are Principles of Microeconomics and one semester of calculus.

There is not much reading in this course – a textbook and some supplementary readings from the press on current events, some of which I hope you will provide (see below). I strongly suggest that you read the textbook assignments **before** we discuss the material in class, and then again **after** class. The course material is cumulative, so missing classes and falling behind are particularly bad ideas.

I will encourage **discussion in class** (another reason to have read the material beforehand!) and I will urge you to ask questions, especially when you are confused. If you are confused, so are many of your classmates! The more discussion we have, the more interesting and enlightening the classes will be. This course is a good example of positive externalities -- the more you contribute, the more you and your classmates will learn. Please speak up!

I urge you to **study together**. You can learn as much from each other as you will from the textbook or from me. I will assign problems sets, which I urge you to do in groups of 2 - 4, handing in one copy with all the contributors' names on it.

You are responsible for the material covered in class and the reading assignments listed below, from *Microeconomics*, by **Michael Katz and Harvey Rosen (3rd edition)**, which will be available in the Boston College bookstore. Also available in the bookstore is a *Study Guide* to accompany the Katz and Rosen textbook, which can be very helpful. I will put two copies of the Study Guide on Reserve in O'Neill library. You can also find tutoring assistance at the Connors Family Learning Center in O'Neill Library.

Newspapers and magazines are full of current microeconomic issues. If you see an article of interest, bring it to class and/or email the website to me, and I will email it to your classmates. Check the email address that you have in the BC system often for fun readings and/or announcements, or make sure that emails are forwarded from BC to whatever email account you use.

Important dates: **Midterm exams** are scheduled for

Thursday October 15 and

Thursday November 19, both during regular class time,

and the comprehensive **final exam** will be given on

Wednesday December 16, at 12:30 PM.

Put these important dates in your calendar now, and plan your departure from campus in December accordingly! If you have to miss a midterm, please let me know as soon as you know it. In that case, the weights on subsequent exams will be increased proportionately. There will **not** be any make-up exams.

Approximate weights for your final grade will be:

| | |
|--------------|-----------|
| Problem sets | 15 points |
| Midterm I | 20 points |
| Midterm II | 25 points |
| Final exam | 40 points |

The academic enterprise at Boston College assumes and requires **academic integrity**, which in this course means that all your work on exams is your own, and that you were a substantial contributor to any problem sets on which your name appears. Violations of academic integrity will be reported to your class Dean and then reviewed by the College of Arts and Sciences Academic Integrity Committee. Consequences can be very serious. I urge you to review university policy and procedures, available under <academic integrity> at <http://www.bc.edu/integrity>. If you have any questions, please consult with me.

SYLLABUS

| <u>Read before this date</u> | <u>Topic</u> | <u>Reading assignment from Katz and Rosen</u> |
|----------------------------------|--|---|
| 9/8 | Introduction | Ch. 1 |
| 9/10,15 | Consumer choice | Ch. 2 |
| 9/17,22 | Comparative statics | Ch. 3 |
| 9/24,29 | Consumer welfare | Ch. 4 |
| 10/1 | Labor supply | Ch. 5.1 |
| 10/6,8 | The firm and its goals | Ch. 7.1 - 7.3 |
| 10/13, 20 | Technology and Production | Ch. 8 |
| Oct. 15 | FIRST MIDTERM EXAM , during class | Chs. 1 - 5.1 |
| 10/22,27 | Production cost | Ch. 9 |
| 10/29, 11/3 | The competitive firm | Ch. 10 |
| 11/5,10 | Competitive equilibrium | Ch. 11 |
| 11/12,17 | General equilibrium and welfare economics | Ch. 12 |
| Nov. 19 | SECOND MIDTERM EXAM , during class | Chs. 7 - 11 |
| 11/24, 12/1 | Monopoly | Ch. 13 |
| 12/3 | Cartels and monopolistic competition | Ch. 14.1, 14.2 |
| 12/8,10 | Externalities and public goods | Ch. 18 |
| Dec. 16 assigned | FINAL EXAM (Wednesday, at 12:30 PM) | all Chaps |

8/27/09