BOSTON COLLEGE  
Department of Economics

EC 201.01  Microeconomic Theory  

Syllabus

Course Description: EC 201 develops a theoretical framework with which to analyze the behavior of the two basic economic decision-makers, the consumer and the producer. This framework is used to investigate the determination of price and output in perfectly and imperfectly competitive markets. Criteria for analyzing economic welfare are developed and applied to a variety of market settings.

Prerequisites: One semester of calculus (e.g., MT 100).

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Office Hours: TTh 3:00-4:30 or by appointment


Examinations and Problem Sets: There will be three exams – two midterms and a final. The material covered in the second midterm and the final exam will be cumulative from the beginning of the course. There also will be a number of problem sets.

Grading:  
Midterm 1:  20%  
Midterm 2:  30%  
Final:  40%  
Problem Sets:  10%

Examination Make-up Policy: The following policy will be strictly enforced. (1) To be sure you are not penalized for missing an exam, you must obtain my approval before the exam. (2) There will be no make-up exams for either midterm. If you miss a midterm exam, the weight assigned to that exam will be distributed over the remaining exams.

Academic Integrity: Cheating on any exam will result in (1) an automatic failure in the course and (2) reporting the incident to the College of Arts and Sciences as required by the University. See www.bc.edu/publications/ucatalog/policy.shtml#integrity for a full discussion of the university’s policies and procedures regarding academic integrity.
Course Outline

I.  Course Introduction  
     Sept 4  
     Katz and Rosen, Chapter 1 (especially pp. 2-3, 7-8, and 10-17)

II. Consumer Behavior  
     Sept 4-Oct 2  
     Katz and Rosen, Chapter 2 (pp. 21-40, 43-52); Chapter 3 (pp. 55-68, 73-85, and calculus appendix pp. 88-92); Chapter 4 (pp. 93-101, 108-15)
     --Preferences and Indifference Curves  
     --Budget Constraint  
     --Consumer Equilibrium  
     --Price and Income Changes  
     --Elasticity  
     --Calculus Appendix (Chapter 3)  
     --Income and Substitution Effects  
     --Consumer Surplus

First Midterm Exam  
Oct 4

III. Producer Behavior  
Oct 4-30  
     Katz and Rosen, Chapters 8 and 9 (including Chapter 9 appendix pp. 289-93); students who feel they need to review basic producer theory should read Chapter 7 before studying Chapters 8 and 9.
     --The Production Function and Its Technical Properties  
     --Cost in the Short Run  
     --Cost in the Long Run  
     --Calculation Appendix (Chapter 9 pp. 289-93)  
     --Review of Producer Behavior

IV. Competitive Markets  
Nov 1-13  
     Katz and Rosen, Chapter 10 (pp. 299-321); Chapter 11 (pp. 326-42, 359-67).
     --Price-Taking Behavior in Short and Long Runs  
     --Factor Demand  
     --Competitive Equilibrium

Second Midterm Exam  
Nov 15

V. General Equilibrium and Welfare Economics  
Nov 20-29  
     Katz and Rosen, Chapter 12 (pp. 370-94).
     --General Equilibrium  
     --Welfare Economics

VI. Monopoly  
Dec 4-6  
     Katz and Rosen, Chapter 13 (pp. 407-21; 425-32).
     --The Monopoly Model  
     --Equity and Efficiency Implications

Final Exam  
Thursday, Dec 20, 9:00 am