BOSTON COLLEGE
Department of Economics

EC 201.02
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:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Midterm 1</td>
<td>20%</td>
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<tr>
<td>Midterm 2</td>
<td>30%</td>
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<tr>
<td>Final</td>
<td>40%</td>
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<tr>
<td>Problem Sets</td>
<td>10%</td>
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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
   Katz and Rosen, Chapter 1 (especially pp. 2-3, 7-8, and 10-17)

II. Consumer Behavior
    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 Sept 4-6
    --Budget Constraint Sept 11
    --Consumer Equilibrium Sept 13
    --Price and Income Changes Sept 18
    --Elasticity Sept 20
    --Calculus Appendix (Chapter 3) Sept 25
    --Income and Substitution Effects Sept 27
    --Consumer Surplus Oct 2

First Midterm Exam Oct 4

III. Producer Behavior
     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 Oct 4-11
        Technical Properties
     --Cost in the Short Run Oct 16-18
     --Cost in the Long Run Oct 23
     --Calculus Appendix (Chapter 9 pp. 289-93) Oct 25
     --Review of Producer Behavior Oct 30

IV. Competitive Markets
    Katz and Rosen, Chapter 10 (pp. 299-321);
    Chapter 11 (pp. 326-42, 359-67).
    --Price-Taking Behavior in Short and Nov 1-6
       Long Runs
    --Factor Demand Nov 8
    --Competitive Equilibrium Nov 13

Second Midterm Exam Nov 15

V. General Equilibrium and Welfare Economics
    Katz and Rosen, Chapter 12 (pp. 370-94).
    --General Equilibrium Nov 20
    --Welfare Economics Nov 27-29

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

Final Exam Monday, Dec 17, 9:00 am