

BOSTON COLLEGE
DEPARTMENT OF ECONOMICS

EC201.02
Spring 2008
T Th 10:30-11:45
Gasson 302

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

MICROECONOMIC THEORY

This course analyzes the behavior of individual consumers and firms, and how their behaviors 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 these circumstances do not exist. The understanding and appreciation of these market properties are what differentiate most economists from many other analysts. It is important to know when these properties are likely to occur, when they are not, and what public policy is appropriate in the latter cases.

I suggest that you read the material **before** we discuss it in class, and then again **afterwards**. The course 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 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 can be an 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 is 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 have put 2 copies of the Study Guide on Reserve in O'Neill library.

Newspapers and magazines are full of current microeconomic issues. If you see an article of interest, bring it to class, along with a website, if there is one. I'll do the same, and try to make this current material available to the class.

Important dates: **Midterm exams** are scheduled for **Thursday February 14** and **Thursday March 27**, both during regular class time, and the final exam will be given on **Monday, May 12, at 9:00 AM**. Put these important dates in your social calendar now! 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.

Approximate weights for your final grade will be:

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

The academic enterprise at Boston College assumes **academic integrity**, which in this course means that all your work on exams is your own, and that you were a substantial contributor on 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 at: <http://www.bc.edu/integrity>. If you have any questions, please consult with me.

SYLLABUS

| <u>Date</u> | <u>Topic</u> (number of class days) | <u>Reading assignment from Katz and Rosen</u> |
|---------------------|-----------------------------------------------|-----------------------------------------------|
| Jan 15 | Introduction (1) | Ch. 1 |
| Jan 17-29 | Consumer choice and comparative statics (4) | Chs. 2 & 3 |
| Jan 31, Feb 5, 7 | Price changes; labor supply (3) | Chs. 4 & 5.1 |
| FEB 14 | FIRST MIDTERM EXAM , during class | Chs. 1 - 5.1 |
| Feb 12, 19 | The firm and its goals (2) | Ch. 7.1 - 7.3 |
| Feb 21-28 | Production and cost (3) | Chs. 8 & 9 |
| Mar 11-25 | The competitive model and equilibrium (4) | Chs. 10 & 11 |
| MAR 27 | SECOND MIDTERM EXAM , during class | Chs. 7 - 11 |
| Apr 1-8 | General equilibrium and welfare economics (3) | Ch. 12 |
| Apr 10-17 | Monopoly power (3) | Chs. 13, 14.1, 14.2 |
| Apr 22-29 May 1 | Market failures (4) | Chs. 17.2, 17.3, 18 |
| MAY 12 | FINAL EXAM (Monday, at 9:00 AM) | ALL OF THE ABOVE |