

Boston College
Department of Economics

EC131.02
Principles of Microeconomics
Spring 2009
MWF 10:00-10:50
Campion 328

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Text: Stiglitz, Joseph E. and Carl E. Walsh. Principles of Microeconomics, 4th ed., 2005.

A note about the text: I have copies of the 3rd and the 4th edition, and you are welcome to buy either. I will make an effort to be clear about how the books differ, and indicate clearly where you can find the relevant readings in each.

Grading: There will be two midterms scored out of 100 points, and your grade on each will contribute 20% towards your grade in the course. There will be 10 problem sets worth 15 points each, and your cumulative problem set grade will contribute 30% towards your grade in the course. Lastly, there will be a final exam scored out of 150 points, and your grade on the final will contribute 30% towards your grade in the course. If you're counting, your final grade will be out of 500 total points.

A note about grading: I will be curving the final grade so I cannot, for example, give the exact range of scores that defines a B+. However, I can guarantee you that you will not suffer as a result of the curve. A student that earns $400/500 = 80\%$ will get at least a B- for the course. When curving final grades, it is necessary to choose cutoff points for each grade. For example, any score below a 78 may be a C+, whereas any score between higher than 78 and lower than 82 may be a B-. A student that narrowly misses a cutoff for a grade, but has attended class regularly, participated in class and come to office hours, will receive the benefit of the doubt and be granted the higher grade. So a student that earned a 77.8 but participated and demonstrated enthusiasm for the subject will earn a B- rather than a C+. This is the only way that participation and attendance will count directly towards your final grade. A lack of participation and attendance cannot directly hurt your final grade. Of course, attendance and participation will indirectly affect your final grade through the degree to which you learn the material. With this in mind, attendance and participation are strongly encouraged.

Readings: Most readings will be from your textbook. However, over the course of the semester I may distribute supplementary materials. These may be photocopied pages from a more advanced textbook, or newspaper/magazine articles that pertain directly to what we are discussing in class. The assigned readings for each topic are listed at the bottom of the syllabus. You may read them before or after class (preferably both), whatever you find is the easiest way for you to learn.

My teaching: This is my first time teaching my own principles course, and I take my teaching very seriously. After reading the teacher evaluations filled out by my students last semester, I have a pretty good idea of my own strengths and weaknesses as an instructor. According to my previous students, I am very good at explaining material clearly and I am always available for help outside of class (lucky for you!). The areas in which I need the most work are making the class more exciting/interesting, and encouraging/forcing class participation. Throughout the semester, I would appreciate honest feedback about my own teaching performance. You can give me feedback anonymously by leaving notes (typed if you want) under my office door or in my mailbox in the Economics department. As an incentive, I will offer 5 points extra credit to any person willing to make suggestions and comments to me verbally or by email (i.e., not anonymously). You can only get these 5 points once during the semester.

Math in Economics: Many people are scared of economics, or find it difficult, because they are scared of math (or find it difficult). This should not be a worry in a principles course. We will do nothing more complicated than simple algebra and graphing linear functions of one variable such as $y = 10 + 2x$. However, economics is an exercise in thinking logically and rationally. When approaching the subject, your problem sets and your exams, try to concentrate on thinking logically and precisely about the problems as a mathematician would. Economics is, after all, a social *science*.

Policies for late work, missed exams, etc.: Problem sets will be officially due in class on Wednesdays (and distributed at least a week in advance of the day that they are due). I will post solutions to problem sets on the course web page (Blackboard Vista) by the Friday after the problem sets are due. There will be no late penalties for problem sets received before the solutions are posted, and there will be no credit given for problem sets received after the solutions are posted.

Sometimes, legitimate reasons such as family emergencies arise that cause students to miss exams. If you properly inform me of the reason that you must miss an exam *in advance*, I will simply shift the weight of the missed exam onto subsequent exams. If you do not inform me of the reason that you must miss an exam in advance of the exam date, you will receive a grade of zero on that exam.

Additionally, makeup exams will be offered but only under the following circumstances:

For athletes: if you must miss the exam because of traveling for athletic competitions, you will be offered the chance (which you can decline) to make up the exam AT AN EARLIER DATE.

For everyone: If extreme circumstances cause you to miss an exam, you will be offered a makeup exam if you have a signed letter from the dean explaining the circumstances. Note that you still must inform me of the reason for missing the exam AHEAD OF TIME.

Academic Integrity: You are encouraged to work together on problem sets (though you must turn in your own work) and to study together for exams. However, working together on exams is a violation of academic integrity (as is, for example, misinforming me about the reason for a missed exam). Please familiarize yourself with the “Academic Integrity” Section of the Boston College Catalog (35-36) or online at <http://www.bc.edu/integrity>.

The Core: This course is required for all economics majors and CSOM students, and is one of the choices to fulfill the social sciences CORE requirement. With this in mind, I will make an effort not only to provide with the basic tools of economic analysis, but also to apply these tools to problems of historical interest as well as current cultural/public policy issues.

Here is a tentative outline of what we will cover, and where you can find the topics in the book.

<u>Date</u>	<u>Topics</u>	<u>Readings</u>
W Jan 14	Syllabus What is Economics? What is Microeconomics?	Chapter 1 (both eds.)
F Jan 16	Why we trade Production Possibilities Absolute and Comparative Advantage Competition and Competitive Model	Chapter 2 (both eds.) Chapter 3 (3 rd ed.) Chapter 19 (4 th ed.)
M Jan 19	NO CLASS MLK DAY	
W Jan 21	NO CLASS	
F Jan 23	Supply & Demand	Chapter 3 (4 th ed.) Chapter 4 (3 rd ed.)
M Jan 2	Using Supply & Demand Elasticity	Chapter 4 (4 th ed.) Chapter 5 (3 rd ed.)
W Jan 28	Tax Incidence using S & D	
F Jan 30	Consumer Choice Deriving Demand	Chapter 5 (4 th ed.) Chapter 6 (3 rd ed.)

M Feb 2	Complements and Substitutes Indifference Curves	Chapter 5 (4 th ed.) Chapter 6 (3 rd ed.) Appendix
W Feb 4	Utility, Budget Constraints and Indifference Curves	Chapter 5 (4 th ed.) Chapter 6 (3 rd ed.) Appendix
F Feb 6	Cost Structure of a Firm	Chapter 6 (4 th ed.) Chapter 7 (3 rd ed.)
M Feb 9		
W Feb 11	Costs The Competitive Firm	Chapter 7 (4 th ed.) Chapter 8 (3 rd ed.)
F Feb 13	The Competitive Firm	
M Feb 16	Competitive Markets & Efficiency	Chapter 10 (both eds.)
W Feb 18		
F Feb 20	MIDTERM 1	
M Feb 23	Imperfect Markets	Chapter 11 (both eds.)
W Feb 25	Monopoly	Chapter 12 (both eds.)
F Feb 27	NO CLASS	
M Mar 2 – F Mar 6	SPRING BREAK	
M Mar 9	Monopolistic Competition	
W Mar 11	Oligopoly	
F Mar 13	Government Competition Policy	Chapter 13 (both eds.)
M Mar 16	Strategic Behavior: Game Theory	Chapter 14 (4 th ed.) Chapter 19 (3 rd ed.)
W Mar 18	Game Theory	

F Mar 20	Imperfect Information	Chapter 15 (4 th ed.) Chapter 14 (3 rd ed.)
M Mar 23	Adverse Selection	
W Mar 25	Moral Hazard	
F Mar 27		
Mar 30	MIDTERM II	
W Apr 1	Labor Markets	Chapter 8 (4 th ed.) Chapter 9 (3 rd ed.)
F Apr 3	Labor Markets: Imperfections	Chapter 16 (4 th ed.) Chapter 15 (3 rd ed.)
Mon Apr 6	Capital Markets	Chapter 9 (both eds.)
W Apr 8	Public Sector: Public Goods	Chapter 11 (both eds.) Chapter 17 (4 th ed.)
F Apr 10, M Apr 13	EASTER WEEKEND	
W Apr 15	Public Sector: Taxes and Programs	Chapter 16 (3 rd ed.)
F Apr 17	Environmental Economics: Externalities	Chapter 18 (4 th ed.) Chapter 21 (3 rd ed.)
M Apr 20	PATRIOT'S DAY	
W Apr 22	Pollution: Regulation, Taxes and Permits	
F Apr 24	International Trade	Chapter 19 (4 th ed.) Chapter 3 (3 rd ed.)
M Apr 27	Trade Policy	Chapter 19 (4 th ed.) Chapter 18 (3 rd ed.)
W Apr 29	Review	
S May 9	FINAL EXAM (12:30)	