

Boston College
Department of Economics

Microeconomic Theory (Econ220107)

Fall 2017 Syllabus

Class Schedule: M W F 8
Location: Gasson 306

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Office Hours: M W F 9-10,
or by appointment
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Course Summary

This course develops a theoretical framework with which to analyze consumer and producer behavior. This analysis is then employed to investigate the determination of prices and output in various market situations, the implications for welfare, and the appropriate role for government intervention.

Textbook:

Main text: "A short course in Intermediate Microeconomics with Calculus", by Feldman and Serrano

Supplement: "Intermediate Microeconomics with Calculus", by Varian

Grading

Your grade for this course will consist of three categories:

1. Attendance (10%)

You can freely miss 3 classes without any penalty. After that, 1 miss means 1% loss in attendance grade.

2. Problem sets (20%)

Each week, there will be a problem set. These assignments are the primary method by which you will learn and practice the course materials.

Late homework will lose points as follows. For each day that an assignment is late it will be worth 20 percentage points less than homework submitted on time. For example, an assignment submitted 1 day late is worth at most 80%, and an assignment submitted 4 days late is worth at most 20%, of the total points for the assignment.

3. Exams (70%)

There will be 2 mid-terms (20% each) and 1 final (30%). Each midterm will cover the first and the second part, and the final will cover entire course.

4. Letter grades:

Final grades will be calculated by multiplying the relative weights by the achievement earned for each category. Letter grades will be assigned as follows:

- A: At least 94 percent of the possible points in the class
- A-: 90 to 93 percent of the possible points in the class
- B+: 87 to 89 percent of the possible points in the class
- B: 83 to 86 percent of the possible points in the class
- B-: 80 to 82 percent of the possible points in the class
- C+: 77 to 79 percent of the possible points in the class
- C: 73 to 76 percent of the possible points in the class
- C-: 70 to 72 percent of the possible points in the class
- D+: 67 to 69 percent of the possible points in the class
- D: 63 to 66 percent of the possible points in the class
- D-: 60 to 62 percent of the possible points in the class
- F: Fewer than 60 percent of the possible points in the class

Group Work Policy

You are free to help each other with the homework exercises, but all of the work (that is, all of the typing) that you submit should be your own. Collaboration is **not** permitted on exams.

Academic Integrity

A breach of academic integrity will result in failure of the entire lab (i.e., a grade of zero). For more information on the Boston College academic integrity policies and procedures, visit <http://www.bc.edu/offices/stserv/academic/integrity.html>

Schedule

Week #:	Planned Topic	Note
1 (Aug. 28)	Math review: calculus review, partial derivatives; integral	
Part 1: Consumers (Individuals)		
2 (Sep. 4)	Preferences and utility: axioms; indifference curve; utility function; marginal utility; MRS; revealed preference	No class on Monday (Labor day)
3 (Sep. 11)	Utility maximization: unconstrained optimization; budget constraint; Lagrangian method	
4 (Sep. 18)	Demand: individual demand; market demand; elasticity; consumer surplus	
5 (Sep. 25)	Labor supply: labor-leisure model; substitution and income effect; labor supply;	Midterm 1 (Date TBD, Part 1 only)
Part 2: Producers (Firms)		
6 (Oct. 2)	Game theory: definition of game; pure strategy; mixed strategy; solution concepts;	
7 (Oct. 9)	Firm production: single input; multiple input; short run vs. long run; average and marginal cost; production function	No class on Monday (Columbus day)
8 (Oct. 16)	Cost minimization: firm decision making as cost minimization; choice of input quantities	
9 (Oct. 23)	Profit maximization: firm decision making as profit maximization; choice of input and output quantities	Midterm 2 (Date TBD, Part 2 only)
Part 3: Market situations		
10 (Oct. 30)	Perfect competition: market structure; assumptions; market equilibrium	
11 (Nov. 6)	Monopoly: monopoly; inefficiency of monopoly; monopolistic competition;	
12 (Nov. 13)	Oligopoly: two firms' competition game; Bertrand competition; Cournot competition; sequential choice game	
13 (Nov. 20)	Monopsony: definition; labor market case; minimum wage	No classes on Wednesday and Friday (Thanksgiving)
14 (Nov. 27)	Monopsony continued	
15 (Dec. 4)	Review and final remark	
16 (Dec. 11)	Study day—no class	
Dec. 18	Final Exam day – Monday at 12:30 PM, location TBD	Covers all parts, emphasis on part 3.