Boston University  
Department of Economics

Economics 201 A  
Intermediate Microeconomics  
Spring 2011

Syllabus

Instructor

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Teaching Fellow

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Office hours: Tuesday 2.00–3.30pm

Logistics

Lecture days and time: Tuesday-Thursday 11.00am-12.30pm  
Lecture location: SAR 300  
Course Webpage: on Blackboard

Course Overview

The course is an introduction to formal microeconomic theory. The main objective of the course is to provide a basic and powerful analytical framework to study consumer choice, or how rational agents optimally decide to allocate scarce resources to satisfy their needs, and producer’s supply, or how rational agents decide to combine available resources to produce and make profits. We will begin by defining the scope of economic theory and the main principles and axioms economists follow to frame their reasoning. Most of the lectures will be spent in developing the main framework. We will first focus on the consumption side of the economy, and derive the individual and aggregate demand for a good. Then we will move on to explain the production side of the economy, and the determinants of individual and aggregate supply of a good. Once explored the building
blocks of the theory, the lectures will develop applications of the main framework to different environments, as exchange between agents, different forms of market structure, intertemporal choice, and choice under conditions of uncertainty or risk.

**Background and Prerequisites**

Students should have completed the following courses:
- MA 121 or 123 or 127 (calculus)

Calculus is a necessary prerequisite, as the techniques of unconstrained and constrained optimization will be used extensively in this course.

**Readings**

The principal textbook for this course is:


The textbook is available at Barnes and Noble’s bookstore.

The articles listed in the Syllabus will be posted on Blackboard.

**Grading**

The course grade will be based on problem sets and exams:

- Problem Sets: 20%
- Midterm: 35%
- Final: 45%

Class participation will be also evaluated at the end of the semester and will help me assigning grades to the border cases.

If you have questions about the grading of a problem set/exam, please contact the teaching fellow within a week after you have received the graded work. Re-grading requests may raise or lower your score.

I will not accept submissions of homework past the due date, and I will not offer make-up exams. The Midterm exam will take place on Thursday, March 10th, during class time. The Final exam’s date has not yet been announced by the College. The final is comprehensive and closed-book.
Academic Conduct Statement

It is your responsibility to know and understand the provisions of the CAS Academic Conduct Code. The encouragement to collaborate on homework assignments is not extended to tests. Read the CAS Academic Conduct Code, which you can pick up in room CAS B-3 or download on www.bu.edu/cas/academics/programs/conductcode.html. Misconduct can involve more subtle acts than direct cheating: for instance, submitting the same work for several courses without the consent of instructors. I will report all cases of suspected academic misconduct to the Deans' Office.

Course Outline and (Tentative) Time Schedule

This schedule is tentative and will be adjusted depending on speed of progress and students' interests.

Introduction and Preliminaries (Jan 18th-20th)
- The topic of Microeconomics (Perloff, ch.1)
- Supply and Demand (Perloff, ch.2)

Part I: Optimal Choice: the Consumer’s Problem (Jan 25th- Feb 8th)
- The Budget Constraint (Perloff, ch. 3)
- Preferences and Utility (Perloff, ch. 3)
- Optimal Choice (Perloff, ch. 3)

Part II: Demand and its Properties (Feb 10th-17th)
- Derivation of Demand Curves (Perloff, ch. 4)
- Substitution and Income Effect, the Slutsky Equation (Perloff, ch. 4)

Part III: Production Theory: the Problem of the Firm (Feb. 24th–Mar 8th)
- Production Technologies (Perloff, ch. 6)
- Cost Curves and Cost Minimization (Perloff, ch. 7)
- Profit Maximization under Perfect Competition (Perloff, ch. 8)
- Derivation of Supply (Perloff, ch. 8)

MIDTERM: Thursday, March 10th, 11-12.30pm

Part IV: Consumption meets Production: The Economy in Equilibrium (Mar 22nd-29th)
- Equilibrium in an Exchange Economy (Perloff, ch. 10)
- Equilibrium in a Production Economy (Perloff, ch. 10)
- Welfare Analysis ((Perloff, ch. 10)

Part V: Market Structure (Mar 31st–Apr 12th)
- Monopoly (Perloff, ch. 11)
- Price Discrimination (Perloff, ch. 12)
- Oligopoly (Perloff, ch. 14)
- Monopolistic Competition (Perloff, ch. 14)
- Game Theory (Perloff, ch. 13)

**Part VI: Applications (Apr 14th-19th)**
- Factor Markets (Perloff, ch. 15)
- Choice under Uncertainty (Perloff, ch. 16)
- Risk (Perloff, ch. 16)

**Part VII: Market Failures (Apr. 26th–May 5th)**
- Externalities (Perloff, ch. 17)
- Public Goods (Perloff, ch. 17)
- Asymmetric Information (Perloff, ch. 18)

**FINAL: Date and Time TBA**