

Course: Introductory Microeconomic Analysis

Instructor: Kevin Cooke (kmcooke@bu.edu)

Time and Place: CAS B27 on Tuesdays 6:00-8:45 pm

Office Hours: TBD

Course Overview

This course is meant to introduce the economic approach to problem solving. Economics is primarily concerned with allocation decisions. When resources are limited, we face trade-offs. Economics studies how decisions are made in the face of these trade-offs.

Microeconomics primarily tries to understand how individual people, firms, and markets make these decisions. In this course, we will focus on idealized models of consumers and firms. Using these models, we will study how these idealized actors make decisions and how they interact with one another in market settings. We will investigate the role of competition and government policy on determining behavior in the market. We will also investigate the welfare implications of trade, market structure, and government policy.

This course is aimed at helping you to develop economic intuition and the ability to apply a small set of simple models to a wide range of real world problems. To facilitate this aim, we will not rely on advanced mathematics. Rather, this course will be built around simple graphical models and limited amounts of basic algebra and geometry.

Materials

This course will be lecture-based and self-contained. That is, no external textbook is necessary. However, my lectures will roughly follow Greg Mankiw's *Principles of Microeconomics*. Therefore, that textbook may be a useful (but optional) reference. This book is currently in its 8th edition, however earlier versions will be cheaper and should be more than satisfactory. Any required readings will be available on the course website. The website will also be home to practice exams, problem sets, and other course materials.

Some Rules

- You will be expected to adhere to BU's academic conduct code. It is available here: <http://www.bu.edu/academics/policies/academic-conduct-code/>
- Please do not use your phones or laptops during lecture. Paper notes offer less distractions and are more suited to my lecture style, which will rely on math and graphs.

- Except in extraordinary circumstances, there are no make-up exams or assignments. If you need accommodation for a documented disability, please provide a note from BU Disability Services **two weeks** prior to the first exam.

Grading

Evaluations will be based on the following aspects:

- Attendance/In-class Activities (10%)
- First Take Home Exam (15%)
- Midterm Exam (30%)
- Second Take Home Exam (15%)
- Cumulative Final Exam (30%)

Grades will be curved based on overall class performance. This is to your benefit.

Course Topics

Production/Trade: Production Functions, Economies of Scale, The Production Possibility Frontier, Ricardian Trade, Comparative Advantage

Profit Maximizing Firms: Fixed and Marginal Costs, Output Decisions, Individual Supply Curves

Rational Consumers: Utility, Indifference Curves, Budget Constraints, Individual Demand Curves

Elasticity: Mathematical definition and intuition, Revenue Effects, Substitution and Income Effects, Normal and Inferior Goods, Giffen Goods

Ideal Markets: Market Supply and Demand, Comparative Statics, Welfare Analysis

Market Failure and Government Policy: Taxes, Quotas, Trade Tariffs, Externalities and Pigovian Taxes, Public Goods

Market Structure: Perfect Competition, Monopoly, Monopolistic Competition

Advanced Topics (as time permits): Basic Game Theory, Cournot Oligopoly, Adverse Selection, Moral Hazard, Screening, Signaling, Behavioral Economics