

EC101 B2 INTRODUCTORY MICROECONOMIC ANALYSIS

Boston University, Department of Economics (Summer 2023)

Instructor:	Anastasiia Arbuzova	Email:	arbuzova@bu.edu
Lectures:	Mon,Tue,Wed 6:00 – 8:30 pm	Place:	CAS 227
TF:	Gustavo Montero	Email:	gmontero@bu.edu
Discussions:	Tue 5:00 – 6:00 pm	Place:	CAS B06B

Course Description: This course introduces the fundamental principles and concepts of microeconomics. It is a discipline that seeks to understand and explain how individuals, firms, and societies make choices to allocate scarce resources. In doing so, economics brings together questions of politics and the scientific method. Throughout the course, we will study the instruments that allow you to think like an economist in order to approach real-world policy problems.

We will start by learning big ideas that are foundational to economics, also known as *Ten Principles of Economics*. Next, we will introduce a concept of an economic model and work through the theory of comparative advantage. What are the incentives and why do people respond to them? Does trade really make everyone better off? These and other questions will be explored in the introductory lectures.

Next, we will delve into supply and demand, the forces that drive market behavior. Analyzing factors like technology and consumer preferences, we will understand how market equilibrium maximizes producer and consumer surplus. Mastering supply and demand principles will enable you to predict market outcomes and make informed decisions in different economic contexts. We will also explore taxation and international trade in relation to policy applications.

Having established the desirability of market allocations in the absence of market failures, we will investigate the government's role in improving market outcomes when it does not operate efficiently. We will analyze market failures caused by externalities, public goods, and other factors. Through case studies like pollution abatement, we will assess the impact of different policies on efficiency and equity, considering the potential of government regulation to enhance social welfare.

Lastly, we will examine the firm side of economic processes. By studying how firms make decisions and focusing on costs, we will explore the behavior of firms in competitive markets and monopolistic settings. Analyzing market structures like perfect competition, monopoly, and oligopoly, we will introduce concepts from a field of economics called industrial organization, shedding light on firm behavior in terms of pricing and quantities.

Course Page: All course documents and announcements will be posted on <http://learn.bu.edu>

Textbook: Course is based on *Principles of Microeconomics*, Gregory Mankiw, 10th edition. We will be using an electronic copy accessible through Cengage portal (*Mankiw eBook* tab on Blackboard).

Grading Policy: Quizzes (10%), Problem Sets (30%), Midterm #1 (20%), Midterm #2 (20%), Final (20%).

- The quizzes serve as daily assessments meant to reinforce your understanding of the material covered in the previous lecture. These short quizzes will primarily consist of multiple-choice questions and are designed to be completed within a maximum time of 10 minutes. Their purpose is solely to aid you in self-assessing your comprehension of the chapter. So, to alleviate unnecessary stress, the grading for the quizzes will be based on attendance, with a score of 1 if you have submitted the quiz, and a score of 0 if you have missed the class. There will be 14 quizzes in total.
- The weekly problem sets will incorporate carefully chosen exercises from the textbook and are expected to be submitted at the beginning of the discussion session every Tuesday. Together with your TF, you will work through each exercise. These problem sets hold significant weight in the overall grading,

with each set contributing 5% towards the final grade. This emphasis is placed on the independent application of the tools and methods learned during lectures, as it is believed to be the most effective approach for deepening understanding. Please note that depending on the pace of our material coverage, the list of exercises for each week may be subject to change. Each problem set will be valued at 7 points (42 points in total). Grading for the problem sets will follow this scheme: 1 point will be awarded for timely submission (even if it's just a blank sheet with your name), and each of the three exercises within the set can earn a maximum of 2 points, with a deduction of 1 point max if there was a major mistake or if exercise is not completed fully.

- Both midterms and final exams will be held at the beginning of class time, just like daily quizzes. Every midterm exam will consist of 20 quiz-like questions with additional 2 problem set-like exercises. The grading will be as follows: 20 multiple-choice questions worth 1 point each plus 2 open-ended exercises worth 4 points each, with a deduction of 1 point for every mistake (28 points in total). It should take no more than 1 hour and 15 minutes to complete each midterm exam.

The final exam will consist of 40 quiz-like questions with additional 4 problem set-like exercises. The grading will be as follows: 40 multiple-choice questions worth 0.5 points each plus 4 open-ended exercises worth 4 points each, with a deduction of 0.5 points for every mistake (28 points in total). The final exam is expected to be completed in 2 hours and 30 minutes.

- The final grade for this course will be determined using a curve based on the overall course score, with the median score in the class being a grade of B. I will not assign letter grades to your individual exam scores but will always report the score distribution for your information. This should provide you with a reasonable indication of your progress in the course.
- *Last but not least.* All graded assignments are designed to enhance your learning and understanding without adding unnecessary stress, particularly during this enjoyable summer season. Engaging in daily quizzes will greatly assist you in preparing for the exam format and content, as well as problem sets. Therefore, I encourage you to attempt solving them independently rather than resorting to answers on the internet to improve your grade. Ultimately, the key objective is for you to apply an economic lens to your everyday life, enabling you to comprehend economic phenomena. In this course, the emphasis is not solely on grades. The goal is to equip you with knowledge and critical thinking. Beware that you might find yourself becoming too proficient in debates about economic policies with your friends and family members...

Office Hours: Gustavo will be available Tue 2:00 – 4:00 pm and Wed 10:00 – 11:00 am in the Principles Center (SSW B17). Directions to the Principles Center <https://sites.bu.edu/manove-ec101/directions/>

To schedule a meeting with me, please use the Calendly link. Kindly specify the material you would like to discuss during our session, if possible. This will allow me to better prepare and ensure that our time together is productive. <https://calendly.com/arbuzova-anastasiia/ec101>

Important Dates:

Midterm #1	July 19, 2023
Midterm #2	August 2, 2023
Final Exam	August 15, 2023

Class Policies:

- Regular attendance of both lectures and discussion sessions is essential and expected. Because the course is relatively fast-paced, skipping a full day can have a significant impact on your understanding as the material covered in each lecture builds upon previous concepts. Please inform me or TF if you won't make it to the class, and we will devise a solution that will allow you to keep up with the material.

Tentative Course Outline

#	Date	Lecture Topics	Quiz	Discussion
1	Wed 7/5	Chapter 1: Ten Principles, Chapter 2: Thinking Like an Economist	–	–
*	Thu 7/6	–	–	Problem Set 1
2	Mon 7/10	Chapter 3: Interdependence and the Gains from Trade	Ch 1-2	–
3	Tue 7/11	Chapter 4: The Market Forces of Supply and Demand	Ch 3	Problem Set 2
4	Wed 7/12	Chapter 5: Elasticity and Its Application	Ch 4	–
5	Mon 7/17	Chapter 6: Supply, Demand, and Government Policies	Ch 5	–
6	Tue 7/18	Chapter 7: Consumers, Producers, and the Efficiency of Markets	Ch 6	Problem Set 3
7	Wed 7/19	Chapter 8: The Costs of Taxation (start)	Midterm #1 (Ch 1-6)	–
8	Mon 7/24	Chapter 8 (finish), Chapter 9: International Trade (start)	Ch 7	–
9	Tue 7/25	Chapter 9 (finish), Chapter 10: Externalities (start)	Ch 8	Problem Set 4
10	Wed 7/26	Chapter 10 (finish), Chapter 11: Public Goods (start)	Ch 9	–
11	Mon 7/31	Chapter 11 (finish)	Ch 10	–
12	Tue 8/1	Chapter 14: The Costs of Production (start)	Ch 11	Problem Set 5
13	Wed 8/2	Chapter 14 (finish)	Midterm #2 (Ch 7-11)	–
14	Mon 8/7	Chapter 15: Firms in Competitive Markets (start)	Ch 14	–
15	Tue 8/8	Chapter 15 (finish), Chapter 16: Monopoly (start)	Ch 15	Problem Set 6
16	Wed 8/9	Chapter 16 (finish), Chapter 17: Monopolistic Competition (start)	Ch 16	–
17	Mon 8/14	Chapter 17 (finish)	Ch 17	–
18	Tue 8/15	–	Final Exam (Ch 1-17)	–

- I trust that attending lectures and discussions will equip you with the necessary knowledge to approach exams and assignments with confidence, thus avoiding any temptation to engage in cheating or plagiarism, including copying answers from online sources. However, in the event that such misconduct occurs, a grading sanction of 0 might be applied for the respective exam or assignment. Please, refer to the CAS Academic Conduct Code <https://www.bu.edu/academics/policies/academic-conduct-code/>