Microeconomic Analysis
Lecture Outline
1. Introduction

Announcements

- Check the course website frequently: [http://sites.bu.edu/manove-ec101/](http://sites.bu.edu/manove-ec101)

- No discussion sections until Tuesday, Sept 8.

- Before the end of class, the Pearson team will help you register for / buy MyEconLab (instructions also posted on course website).

- Please don’t be late for class.
  - EC101 DD starts promptly at 11:00 am.
  - EC101 EE starts promptly at 2:00 pm.
Final Exams:
- Lecture DD, Dec 17 at 12:30-2:30 pm, Stone B50
- Lecture EE, Dec 15 at 3:00-5:00 pm, Law Auditorium

Get your air tickets for the winter holidays soon, but DO NOT PLAN TO LEAVE before you take your final exam.

If you do not take your final exam as scheduled, you automatically fail the course.

“My mother bought my air ticket to go home without telling me,” is not a valid excuse.

Course Staff

Instructor: Michael Manove
- We teach EC101 DD and EE in parallel.
- Lectures on the same day will be similar.
- But you must attend your own lecture.

Head Teaching Fellow for DD and EE: Nick Saponara
- Nick will give me and the other TFs feedback on our teaching.
TFs & Discussion Sections

Teaching Fellows:

- Fatima Aqeel  
  [D3, D6]
- Undral Byambadalai  
  [E8, E9]
- Thea How Choon  
  [D2, D7]
- Mesay Melese  
  [D8, E3, E7]

You are required to know your Discussion Section number and the first name of your TF.

TA Office Hours are listed on the course website.
How to get an A in EC101

- NEVER MISS CLASS!
- Keep up with readings and problems.
- Get help when things go wrong.
Your clicker or smartphone app:

- Many of you will buy your clicker (*Turning RF-LCD*) or ResponseWare smartphone app sometime soon...

- but if you already have a clicker or app take out your device for a demonstration.

- Log into your app and enter session **DDEE**.

- Set your clicker to Channel 41.
  - Press **Channel**, then **4**, then **1**, then **Channel**.
  - *Never* press **Channel** *unless* you are changing the channel. The clicker is always turned on.

- After you buy your clicker or app, register it online. On the course website go to **Classes>Clicker Registration**.

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**Clicker Question Example**
Economists

- If you don’t have a medical degree, and you call yourself a “doctor” and treat patients,…
- you will be arrested for “practicing medicine without a license.”
- But anyone can legally call himself an “economist”…
- …and discuss the economy on TV.
- This is probably a good thing.

Thinking like an economist

- Bricklayers, baseball players and bartenders have a special way of thinking about the world.
- So do economists.
- Economic thinking helps us see things that other people might miss.
- We believe that economic thinking is often useful in decision-making.
- Here are some basic principles of economic thinking.
1. Think about goods (not money)

Example: Monday, August 24, 2015

- Stock markets crashed all over the world.
- Within three days, $3000 billion of market value worldwide seemed to disappear.
- Where did it go?

- Did societies become $3000 billion poorer because of stock-market crashes?

Let’s look at the goods:
The material wealth of society did not change.

But investors revised their beliefs about its value—downwards.

This is bad for sellers of assets (like houses),

…but it may be good for buyers of assets, who can now get them for cheap.

Effects on the production of goods and services???

2. Everything has a cost.

The cost of something is what you give up to get it.

Economists call this the “opportunity cost.”

Example: The cost of an A on an econ exam?

Example: The cost of having kids?
Opportunity Cost

What is the difference between the cost of something and its “opportunity cost”?

Answer: there is no difference.

The opportunity cost embodies the economic concept of cost.

The cost is the opportunity that has to be sacrificed in order to get something or do something.

Opportunity Cost: Examples

Do you want to buy an Alpha Romeo sports car?
Do you want to get an A in Economics?

...To be continued next Tuesday...

Clicker Question
MyEconLab