Required Text: Richard Tresch, Principles of Microeconomics (referred to below as Tresch)

Course Requirements:

1 hour test (60 points)—Monday, October 26
Final examination (90 points)—Wednesday, December 14, 9:00
Numerous problem sets (optional, but strongly recommended), worth a maximum of 1/3 grade on the test average

NOTE: I have scheduled two additional lectures because of the Monday holidays:
  Friday, September 25, 3:00, Devlin 008
  Friday, November 13, 3:00, Devlin 008

Discussion Leaders: Rucha Bhide, Matteo Cacciatore, Chiu Yu Ko, Caglar Yurtseven

Syllabus

I. Overview of a Competitive Market Economy (7.5 weeks)
   A. Fundamental Economic Principles and Issues (2 weeks)
      1. The Economic Problem
         Tresch: Chapters 1, 2; Ch. 4 (pp. 67-70)
      2. Society’s Economic Problem
         Tresch: Ch. 3 (pp. 34-51); Ch. 23 (on developing nations-optional)
      3. Choosing an Economic System
         Tresch: Ch. 3 (pp. 51-57).
      4. Overview of Markets and the U.S. Economy
         Tresch: Ch. 4
   B. Competitive Markets--The Laws of Supply and Demand (5.5 weeks)
      1. Markets for Goods and Services
         a. Demand--the Consumer
            Tresch: Ch. 5
b. **Supply--the Competitive Firm**  
   Tresch: Ch. 6

c. **Equilibrium and Market Efficiency**  
   Tresch: Ch. 7

d. **Applications**  
   Tresch: Ch. 8

2. **Competitive Labor Markets (Emphasizing Why Earnings Differ)**  
   Tresch: Ch. 9; Ch. 19 (pp. 496-503-discrimination)

3. **Evaluation of the Market System**  
   Tresch: Ch. 21
   strengths (p. 545)  
   limitations-the role for government (remainder of Ch. 21)

II. **Behavior of Business Firms in a Market Economy (4 weeks)**

   A. **Hiring Factors of Production**
      1. **Theory**  
         Tresch: Ch. 11 (pp. 252-271)
      2. **Applications--Especially Industrial Water and Air Pollution**  
         Tresch: Ch. 11 (pp. 271-278)

   B. **Investment Analysis**  
      Tresch: Ch. 12 (the Appendix on government Cost-Benefit Analysis is optional)

   C. **The Four Main Market Structures**
      1. **Overview**  
         Tresch: Part IV, pp. 308-312.
      2. **Perfect Competition**  
         Tresch: Ch. 13 (Review Ch. 6) (The Appendix to Ch. 13 is optional)

      3. **Pure Monopoly**  
         Tresch: Ch. 14

      4. **Monopolistic Competition and Oligopoly**  
         Tresch: Chs. 15, 16

   D. **Evaluation of Big Business and U.S. Antitrust Policy**
Tresch: Ch. 17

III. Factor Markets and the Distribution of Income in the United States (1.5 weeks)

(A selection of topics from the following, as time permits)

A. Labor Markets: Further Explanation of Differences in Earnings
   Tresch: Chs. 18, 19

B. The Distribution of Income and Poverty in the United States
   Tresch: Ch. 20

A final note on EC131 and the Core:

EC131 is designed to meet a number of needs. It is the first course in the economics major, it is a required course for all CSOM students, it is one of the choices to fulfill the social sciences Core requirement, and it serves as an elective to anyone who wants an introduction to economics. It introduces the basic tools of economic analysis and applies these tools both to problems of historical interest and to current public policy. It explores the development of economic analysis through the work of Adam Smith, Alfred Marshall, Joseph Schumpeter and other giants in the field. Finally, it looks at how we bring together what we learn from economics with what we learn from other fields.