BOSTON COLLEGE
Department of Economics

EC 131.02 Principles of Economics--Micro
TTh 1:30, Fall 2010

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

Course Requirements:

1 hour test (60 points)—Tuesday, November 2
Final examination (90 points)—Friday, December 17, 9:00
Numerous problem sets (optional, but strongly recommended), worth a maximum of 1/3 grade on the test average

Discussion Leaders: Lucrezio Figurelli, Isaiah Hull, Gohar Minasyan, Chen-Yu Pan

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
2.

**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)

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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

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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.