BOSTON COLLEGE
Department of Economics

EC 131.01 Principles of Economics--Micro                Richard Tresch
MW 3:00, Fall 2011                                      21 Campanella Way, 480K
                                                          x2-3671; Tresch@bc.edu

Required Text: Richard Tresch, Principles of Microeconomics, 10th Edition (referred to below as Tresch)

Course Requirements:

1 hour test (60 points)—Monday, October 31
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 30, 3:00, Devlin 008
      Friday, November 4, 3:00, Devlin 008

Discussion Leaders: Orhan Aygun, Jinghan Cai, Zhaochen He, Isaiah Hull

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 note on EC131 and the Core:**

EC131 is designed to meet a number of needs. It is the first course in the economics major and minor, 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.

**Academic Integrity**

Your work on exams is to be entirely your own. Be sure you are familiar with the sections on "Academic Integrity" in the Boston College Catalog (pp. 35-36) or online at BCInfo, (A-Z index, Academic Integrity). Be aware that I, and your TAs, take this most seriously.