

**BOSTON COLLEGE**  
Department of Economics  
(Fall 1997)

EC 131.01  
Principles of Economics--Micro

Richard Tresch  
Carney 131; X3670

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

Course Requirements:

1 hour test (60 points)--Wednesday, October 29

Final examination (90 points)--Monday, December 15, 9:00

Numerous problem sets (optional, but strongly recommended), worth a maximum of 1/3 grade on the test average

Syllabus

- I. Overview of a Competitive Market Economy (7 weeks)
  - A. Fundamental Economic Principles and Issues (2 weeks)
    1. The Economic Problem  
Tresch: Chapters 1, 2; Ch. 4 (pp.77-80)
    2. Society's Economic Problem  
Tresch: Ch. 3 (pp. 38-57); Ch. 41 (on developing nations-optional)
    3. Choosing an Economic System  
Tresch: Ch. 3 (pp. 57-66).
    4. Overview of Markets and the U.S. Economy  
Tresch: Ch. 4
  - B. Competitive Markets--The Laws of Supply and Demand (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

3. Evaluation of the Market System

Tresch: Ch. 23

strengths (pp. 643-644)

limitations-the role for government (remainder of Ch. 23)

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

A. Hiring Factors of Production

1. Theory

Tresch: Ch. 11 (pp. 278-299)

2. Applications--Especially Industrial Water and Air Pollution

Tresch: Ch. 11 (pp. 299-309)

B. Investment Analysis

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

C. Alternative Market Structures

1. Overview

Tresch: Part IV, pp. 338-343.

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 Markets for Capital, Land, and Natural Resources

Tresch: Chs. 20, 21

C. The Distribution of Income and Poverty in the United States

Tresch: Ch. 22