

BOSTON COLLEGE
Department of Economics

EC 131.18
Mead
Principles of Economics - Micro
Meeting Place: O'Neill 254
T Th 1:30

Instructor: Charles Ian
Office: Carney 33C
Phone: x2-8707
Office Hours: 12:00-1:00 T Th
and by appointment

Course Objective

The main objective of the course is to provide students with a sound understanding of the vocabulary, methodology and concepts used by professionals in the field of microeconomics. These concepts include production possibility frontiers, demand curves, supply curves, market equilibrium and different market structures. A second objective of the course is to improve students analytical abilities so that students may begin to analyze economic problems on their own.

Required Text

Tresch, Richard W. Principles of Economics, West Publishing Company, 1994.

Course Requirements

I will make every effort to aid students in learning the material presented in the course. However, it is the student who ultimately bears the responsibility of acquiring and demonstrating an understanding of the material. Students must demonstrate this understanding through the satisfactory completion of all exams and required assignments. With the exception of emergencies officially recognized by the school, no assignments will be accepted late without my prior approval. Students are responsible for all material referred to in the course outline and anything mentioned in class. Students are also responsible for understanding all of the rules regarding academic integrity presented in the BC Student Handbook. It should be assumed that any breach of these rules will be met with the maximum penalty permitted by the school. There are no official prerequisites for the class.

Grades

Grades will be based on a midterm exam, a final exam and a writing assignment. These course requirements are worth forty, forty-five and fifteen percent of the final grade, respectively. The writing assignment is due on November 12th. The midterm exam will be given in class on October 15th, and the final exam will be given on December 15th at 9:00 am. The final

exam is comprehensive. A student's performance on numerous problem sets will be used as additional evidence of their understanding of the material. Although completion of these assignments is not required, an average homework grade that is higher than the final class average will boost a final grade by one notch, with the exception of a move from an A- to an A.

Course Outline

Page citations refer to Tresch. An asterix (*) denotes that much of the material presented in class will be from other sources.

- I. Introduction: Fundamental economic principles (2 weeks)
 - A. The economic problem Ch. 1, 2; Ch.4 (pp. 77-80)
 - B. Society's economic problem Ch. 3 (pp. 38-57)
 - C. Choosing an economic system Ch 3 (pp. 57-66)
 - D. Overview of markets in the U.S. economy Ch. 4
- II. Competitive Markets - Supply and demand (7 weeks)
 - A. markets for goods and services
 - 1. Consumer behavior and demand relationships Ch. 5
 - a) Law of demand and demand elasticity
 - b) Other demand-based relationships*
 - c) Understanding the basis for the law of demand Ch. 10
 - 2. Theory of the firm and the supply curve Ch. 6 (pp. 128-133; 145-151)
 - a) Law of supply and supply elasticity
 - b) Factor markets and the least cost rule Ch. 11 (pp. 228-307)
 - c) Cost analysis Ch. 11 (pp. 278-88)
 - d) Understanding the basis for the law of supply Ch. 6 (pp. 133-45)
 - 3. Market equilibrium Ch. 7
 - 4. Applications* Ch. 8
 - B. Competitive labor markets Ch. 9
 - C. Evaluation of the market system Ch. 23 (642-62)
- III. Alternative market structures (3-4 weeks)
 - A. Perfect competition Ch. 13
 - B. Pure monopoly Ch. 14
 - C. Monopolistic competition Ch. 15
 - D. Oligopoly Ch. 16
 - E. Governmental regulation and antitrust policy Ch. 17
 - a) Antitrust policy
 - b) Marginal and average cost pricing*
- IV. Additional topics (as time permits)
 - A. Labor markets: Explaining differences in earnings
 - 1. Determinants of wages Ch. 18

- 2. Human capital theory
- B. Distribution of income and poverty
- C. Trends in public finance*

Ch. 19

Ch. 22