

BOSTON COLLEGE
Department of Economics

EC 131.02 Principles of Economics--Micro
TTh 1:30, Fall 2003

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

Course Requirements:

1 hour test (60 points)--Thursday, October 23

Final examination (90 points)--Saturday, December 13, 9:00

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

Discussion Leaders: Amrita Bhattacharyya, Emmanuel Lartey, Megan McDonald, Federico Mandelman

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.75-78)

2. Society's Economic Problem

Tresch: Ch. 3 (pp. 38-57); Ch. 23 (on developing nations-optional)

3. Choosing an Economic System

Tresch: Ch. 3 (pp. 57-64).

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. 18 (pp. 542-550-discrimination)

3. Evaluation of the Market System

Tresch: Ch. 21

strengths (pp. 597-598)

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. 274-295)

2. Applications--Especially Industrial Water and Air Pollution

Tresch: Ch. 11 (pp. 295-303)

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. 334-339.

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 (2 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