

**BOSTON COLLEGE**  
Department of Economics

EC 131.01 Principles of Economics--Micro  
MW 3:00, Fall 2009

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

Course Requirements:

1 hour test (60 points)—Monday, October 26

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 25, 3:00, Devlin 008**  
**Friday, November 13, 3:00, Devlin 008**

Discussion Leaders: Rucha Bhate, Matteo Cacciatore, Chiu Yu Ko, Caglar Yurtseven

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 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.