

PRINCIPLES OF ECONOMICS

Econ 101
TR 1:00 – 2:15 PM

Fall 2009
King 306

Professor: Jordan F. Suter

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Office Hours: Mon. 3–5 PM, Tues./Thurs. 2:20–3 PM, Wed. 2–4 PM, and by appointment

Course Objectives:

The primary objective of this course is to enable students to better understand the role that economics plays in shaping the world around them. The course aims to both prepare students for further study in the field of economics and allow students that do not plan on taking additional economics courses to grasp the core concepts of the discipline. By understanding the important role that incentives play in shaping how scarce resources are allocated, students will improve their ability to comprehend a wide range of contemporary issues based on sound economic reasoning.

Readings and Course Documents:

The Blackboard system will be used as a repository for all course related documents. This includes problem sets, solutions, course announcements, etc. Out of class readings will be assigned for each class and will come from the books listed below, or made available through Blackboard. The specific readings that are required for a given class will be announced in class and are provided in the course schedule.

Gregory Mankiw, *Principles of Economics: Fifth Edition*.

Robert Frank, *The Economic Naturalist: In Search of Explanations for Everyday Enigmas*.

Gregory Mankiw, *Study Guide for Mankiw's Principles of Economics*. (Recommended)

Grading:

6 Problem Sets (15%) – You will be given one week to complete each problem set and can work in groups of two. If you decide to work together with someone, you must turn in one problem set with each of your names written at the top. Problem sets are to be turned in at the beginning of class and late assignments will not be accepted. The grade of the lowest of the six problem sets will be dropped.

Two Midterm Exams (50%) – The exams will include multiple choice, short answer, and essay questions based on the material covered in lectures and assigned readings. Each exam will represent 25% of your grade in the course and there will be no make-up exams offered. If you have a medical excuse or family emergency and cannot attend the exam, you must let me know at least 48 hours in advance and provide proper documentation.

Final Exam (35%) – A cumulative final will be given during the exam period. It is your responsibility to make sure that your travel plans do not conflict with the exam time, which is 2 – 4 PM on Wednesday, December 16th.

Extra Credit (Up to 2 percentage points) – You have the option of writing your own “Economic Naturalist” essay, which uses a concept covered in class to describe a phenomenon that you encounter in your everyday life. Please limit your essay to 2 pages. Well written essays will receive 1 point of extra credit, while outstanding essays will receive as much as 2 points.

The final grade is out of 100 percent and assignments and exams will be weighted according to the values given above. Letter grades will be assigned using the following scale: A (100 – 90), B (89 – 80), C (79 – 70), D (69 – 60), F (59 and below). Pluses and minuses are possible for each letter grade of C and higher and are awarded based on B+ (89 – 87), B (86 – 83), B- (82 – 80), etc. Please note that according to College policy, if you are taking the course P/NP you must obtain a grade of **at least a C** to pass the course.

Honor Code:

All provisions of the Honor Code (https://oncampus.oberlin.edu/courses/1/SL-dean/content/_187961_1/honorcode.pdf) apply. Exams must be individual work and if you work on a problem set with another student, you must indicate your partner’s name.

Expectations and Feedback:

I expect students to attend every class and to have done the assigned readings. It is also my expectation that you will be open-minded and considerate towards the thoughts and ideas of all of your fellow classmates. In return, I will strive to conduct organized and insightful class sessions and to treat your intellectual work with fairness and impartiality. I greatly value feedback related to course subject matter, lecture pace, style, etc. Feel free to send me email, talk in person, or drop a note in my mailbox in the Economics Department.

Services for Students with Disabilities:

If you have a documented disability and wish to discuss academic accommodations, please contact me as soon as possible so that we can set up the appropriate arrangements. Please do not wait until the day before the exam to request accommodations. Further information is available online (<http://www.oberlin.edu/disability>).

Course Outline:

- I. Introduction to the discipline
 - Economic principles, economics as a social science
Mankiw: Ch. 1 – 3
Frank: Introduction
- II. Supply and Demand
 - Market mechanics, measuring market performance, elasticity
Mankiw: Ch. 4 – 8 ; Frank: Ch. 2
- III. Market failure
 - Positive and negative externalities, public goods
Mankiw: Ch. 10 – 11; Frank: Ch. 5

- IV. Firm decision making and market power
 - Firm production decisions and organization
Mankiw: Ch. 13 – 15, 17; Frank: Ch. 4
- V. Consumer decision making and frontiers of microeconomics
 - Utility maximization, income and substitution effects, behavioral economics
Mankiw: Ch. 21 – 22
- VI. Macroeconomic variables
 - National income accounting, inflation, economic growth
Mankiw: Ch. 23 – 25
- VII. The financial system and monetary policy
 - Fractional reserve banking, Federal Reserve System, financial crisis
Mankiw: Ch. 26, 28 – 30
- VIII. Macroeconomic policy
 - Short term economic trends, monetary and fiscal policy comparisons
Mankiw: Ch. 31, 33, 36

Course Schedule (Readings may change but problem set and exam dates are fixed):

Section	Date	Reading	Problem Sets
I Introduction	Sep 3	Mankiw: Ch. 1 - 2	PS #1 Handed out
	Sep 8	Mankiw: Ch. 3; Frank: Intro	
II Supply and Demand	Sep 10	Mankiw: Ch. 4	PS #1 Due
	Sep 15	Mankiw: Ch. 5	
	Sep 17	Mankiw: Ch. 6; Frank: Ch. 2	PS #2 Handed out
	Sep 22	Mankiw: Ch. 7	
	Sep 24	Mankiw: Ch. 8	PS #2 Due
	Sep 29	Midterm Exam 1	
III Market Failure	Oct 1	Mankiw: Ch. 10	PS #3 Handed out
	Oct 6	Mankiw: Ch. 11; Frank Ch. 5	
IV Firm Decision Making and Market Power	Oct 8	Mankiw: Ch. 13	PS #3 Due
	Oct 13	Mankiw: Ch. 14	
	Oct 15	Mankiw: Ch. 15; Frank Ch. 4	PS #4 Handed out
	Oct 20	Fall Break	
	Oct 22	Fall Break	
V. Consumer Decision Making and Frontiers	Oct 27	Mankiw: Ch. 17	
	Oct 29	Mankiw: Ch. 21	PS #4 Due
	Nov 3	Mankiw: Ch. 22	
	Nov 5	Midterm Exam 2	
VI Macroeconomic Measures	Nov 10	Mankiw: Ch. 23, 28	
	Nov 12	Mankiw: Ch. 25	PS #5 Handed out
VII The Financial System and Monetary Policy	Nov 17	Mankiw: Ch. 26	
	Nov 19	Mankiw: Ch. 29	PS #5 Due
	Nov 24	Financial Crisis	
	Nov 26	Thanksgiving Break	
	Dec 1	Mankiw: Ch. 24, 30	
VIII Trade and Macro Policy	Dec 3	Mankiw: Ch. 31	PS #6 Handed out
	Dec 8	Mankiw: Ch. 33	
	Dec 10	Mankiw: Ch. 36	PS #6 Due
	Dec 16	Final Exam (2 - 4pm)	