

ECON 001: Introduction to Economics
Department of Economics
Swarthmore College
Fall 2018

Prof. Maria Pia Olivero, PhD

moliver1@swarthmore.edu

Office hours (Kohlberg 206): Tuesdays and Thursdays 1:30-2:30pm or by appointment (please email me!)

Class times:

Section 4: T-Th 11:20am-12:35pm - Kohlberg 226

Section 6: T-Th 2:40pm-3:55pm - Kohlberg 226

TA section 4: Emma Tapp etapp1@swarthmore.edu

TA section 6: Jessica Li jli1@swarthmore.edu

TA session with Jessica: Mondays 6:30pm-7:30pm (Kohlberg 226).

TA session with Emma: Mondays 9-10pm (Kohlberg 226).

Introduction

The goal of this course is to provide you with a solid introductory foundation to both microeconomic and macroeconomic theory. We will focus on theory but we will also very frequently resort to all kinds of applications using examples from the real world.

As an example, here are some interesting questions that we will try to answer during the semester using our models as foundations for the discussion:

- 1) What is the “right” income tax rate?
- 2) Are taxes good or bad? Should there be a sales tax on more goods in the tri-state area?
- 3) Why is my cost of living so much higher than what it was for my parents when they were in College?
- 4) Why are airline tickets so expensive?
- 5) Why are the prices of energy and gas so volatile?
- 6) Why do politicians care so much about deficits and debt?
- 7) What determines the interest rate on my student loan?

Course Goals

The general goal of this course is to serve as both an overview of Economics for non-majors and a thorough introduction to prepare you for further study of Economics at the College.

Specific goals:

- 1) Become familiar and apply a set of economic models.
- 2) Demonstrate fluency in basic economic terminology and tools.
- 3) Critically understand and assess issues in economic policy and current debates.
- 4) Be able to thoroughly articulate alternative points of view in an economic debate.

The VHE Program

The Econ department's VHE (Visible Hands in Economics) program sponsors section-specific TAs as well as a weekly study hall for students in all sections Econ 1. Section TAs hold weekly office hours or clinics to help students with section-specific homework and exam prep. The weekly study halls offer a welcoming environment for students to do homework, meet other students taking Econ 1, and ask more general questions. TAs staffing the study halls are dedicated to helping students, especially those with less prior exposure to the study of economics, develop excellent skills in a friendly, confidence-building environment.

The Econ 1 study halls take place on Wednesday evenings 9-11pm in Kohlberg 226.

Text and Readings

- 1) Krugman, Paul and Robin Wells, *Essentials of Economics*, Fourth Edition, Worth Publishers.
- 2) Your own class notes.
- 3) Lecture slides for every class provided via Moodle.
- 4) Reference readings for writing assignment provided via Moodle.

Course Requirements and Grading Policies

- 1) Students are expected to attend and participate actively in class.
- 2) 10 weekly problem sets (25%). Problem sets will be posted each Tuesday and due in class the following Tuesday at the beginning of class. A hard copy should be brought in to class. Late problem sets will not be accepted (no exceptions). You are encouraged to work on problem sets in groups. But, you must hand in your own work AND in your own words.
- 3) One midterm exam on Microeconomics part of the course (ch. 1-10): October, 11th (30%)
- 4) Final exam on Macroeconomics part (ch. 12-19): TBD (30%)
- 5) Writing assignment, due December, 11th (15%) You will write the papers in teams of two. Students should feel free to meet with the professor during the semester to discuss progress on the paper. The assignment is a 4-5 page paper, Times New Roman 12 size font, 1.5 line spacing. This includes references, tables and charts. The paper will be on a topic of the students' choice among the topics listed below. The references for the paper will be provided by the professor and posted in Moodle. Students can but are not expected to study and include more references in their final paper.
 - a. The Minimum Wage: Pros and Cons
 - b. Are Government Deficits Necessarily Good or Bad for the Economy?
 - c. The American Recovery and Reinvestment Act.
 - d. The Tax Cuts and Jobs Act of 2017
 - e. Alternative Approaches to Monetary Policy

Tentative Schedule

This schedule is subject to change. Changes will be announced in class. The updated syllabus will then be posted in Moodle. Please make sure to obtain class materials if you miss a class.

WEEK #1: 9/4 and 9/6

Introduction to Economics (ch. 1 and 2 of KW)

- What is Economics?
- Economic models: Trade-offs and the Production Possibilities Frontier
- Trade and Comparative Advantage
- The Circular flow of exchange: goods and factors markets

WEEK #2: 9/11 and 9/13

Supply and Demand and Applications

- Demand theory, price elasticity of demand and consumer surplus (ch. 3 of KW)
- Supply theory, price elasticity of supply and producer surplus
- Market equilibrium
- Price controls and quotas (ch. 4 of KW)
- Elasticity and taxation (ch. 5 of KW)
- *Problem Set #1 due 9/11.*

WEEK #3: 9/18 and 9/20

Production Theory

- Decision making by firms (ch. 6 of KW)
- Inputs and costs
- Perfect competition and the supply curve (ch. 7 of KW)
- *Problem Set #2 due 9/18.*

WEEK #4: 9/25 and 9/27

Market Structure

- Monopoly (ch. 8 of KW)
- Oligopoly (ch. 9 of KW)
- Monopolistic Competition and Product Differentiation (ch. 9 of KW)
- *Problem Set #3 due 9/25.*

WEEK #5: 10/2 and 10/4

- Externalities and public goods (ch. 10 of KW)
- *Problem Set #4 due 10/2.*

WEEK #6: 10/9 and 10/11

- **10/9 – Catch-up and review**
- **10/11 – Midterm Exam**
- *Problem Set #5 due 10/9.*

WEEK #7: 10/16 and 10/18 – ** FALL BREAK ******

WEEK #8: 10/23 and 10/25

Introduction to Macroeconomics and Macroeconomic Measurement

- Macroeconomics: The Big Picture (ch. 12 of KW)
- GDP and the CPI: Tracking the Macroeconomy (ch. 13 of KW)
- Unemployment and Inflation (ch. 14 of KW)

WEEK #9: 10/30 and 11/1

Fluctuations and Long-Run Growth

- Long-Run Economic Growth (ch. 15 of KW)
- *Problem Set #6 due 10/30.*

WEEK #10: 11/6 and 11/8

Aggregate Demand, Aggregate Supply and Macroeconomic Policy

- Aggregate Demand and Aggregate Supply (ch. 16 of KW)
- Fiscal Policy (ch. 17 of KW and appendix on taxes and the multiplier)

WEEK #11: 11/13 and 11/15

Macroeconomic Policy

- Fiscal Policy (ch. 17 of KW and appendix on taxes and the multiplier)
- *Problem Set #7 due 11/13.*

WEEK #12: 11/20 and 11/22

11/20: Catch-up and review

11/22: Thanksgiving Break

WEEK #13: 11/27 and 11/29

Macroeconomic Policy

- Money, Banking, and the Federal Reserve System (ch. 18 of KW)
- *Problem Set #8 due 11/27.*

WEEK #14: 12/4 and 12/6

Macroeconomic Policy

- Monetary Policy (ch. 19 of KW)
- *Problem Set #9 due 12/4.*

WEEK #15: 12/11

- **Review for final exam**
- *Problem Set #10 due 12/11.*

WEEK #16: 12/14-12/22 Final exams according to College schedule.

Other Class Policies

Accommodations: If you believe that you need accommodations for a disability, please contact the Office of Student Disability Services (Parrish 113W) or email studentdisabilityservices@swarthmore.edu to arrange an appointment to discuss your needs. As appropriate, the Office will issue students with documented disabilities a formal Accommodations Letter. Since accommodations require early planning and are not retroactive, please contact the Office of Student Disability Services as soon as possible. For details about the accommodations process, visit the Student Disability Service Website at <http://www.swarthmore.edu/academic-advising-support/welcome-to-student-disability-service>. You are also welcome to contact me privately to discuss your academic needs. However, all disability-related accommodations must be arranged through the Office of Student Disability Services.

Make-up exams will only be accommodated if arrangements are made prior to the exam and the appropriate documentation is provided.

Final exams may only be rescheduled in accordance with College policy <http://www.swarthmore.edu/registrar/final-exam-conflict> .

Plagiarism and other forms of academic dishonesty will be dealt with in accordance with the College's policies.