

**Economics 101
Spring 2010**

**Department of Economics
Wellesley College**

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Office: PNE 415; (781) 283-2382
Office hours: Mon 4:15 - 5:30 pm (except 1/24)
Wed 10:30 am-12 pm
and by appointment

Tutors
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ECON 101: Principles of Microeconomics
Syllabus and Course Policies

Lecture (Section 01): Monday and Thursday 1:30-2:40 pm; Wednesdays-Alt1 2:15 – 3:25 pm
Lecture (Section 02): Monday and Thursday 2:50-4:00 pm; Wednesdays-Alt1 3:35 – 4:45 pm
Classroom: PNE 339

Course Description: Economics 101 is an introduction to microeconomic theory and its applications. Economics is the study of how society allocates its scarce resources, and microeconomics is the study of the behavior of households and firms, whose collective decisions determine how resources are allocated in a free market economy. Economic arguments are often used in debates about government policies, discussion of business strategies, and many of life's other arenas. The goal of the course is to teach you to "think like an economist," which I hope will help you to understand the world around you, make better economic decisions in your own life, and be a more informed citizen and voter. We will study when markets are likely to produce "efficient" outcomes, and when government intervention may improve on the competitive market outcome. We will use economic theory to analyze issues like a gas tax to change reliance on oil, minimum wages to increase salaries of the working poor, and government subsidies to increase education.

Course Requirements

Prerequisites: This course does not assume any prior knowledge of economics. However, you must have passed the Quantitative Reasoning Assessment in order to register for the course. The course will rely heavily on graphs and basic algebra. Calculus will not be used in this course, but is required for many higher-level economics courses.

Readings: The required textbook for the course is Principles of Microeconomics, by N. Gregory Mankiw (5th Edition, 2009). Earlier editions of the book are fine. The book is available at the college bookstore. Throughout the semester, I will also assign articles from newspapers and magazines that will be available through the course conference or on the web. Note that these articles are also **required** reading.

Course Format: The course meets on Mondays and Thursdays from 1:30-2:40 pm (section 01) or 2:50-4:00 pm (section 02) in Pendleton East 339. There is an extra class meeting time every other Wednesday (ALT-1) from 2:15-3:35 pm (section 01) or 3:45-4:45 pm (section 02) in Pendleton West 116. We will most of these Wednesday meeting times; see below for details.

If you cannot attend class, it is not necessary to notify me or ask my permission. If you do miss class, however, you should get the notes from another student and if you have questions after having read the notes and that day's reading, please come talk to me in office hours.

Grading: Grades will be based on class participation (5%), problem sets (10%), two midterm exams (25% each), and a final exam (35%). Each component of your final grade will be graded based on a point scale. Any assignment of letter grades to a particular component is purely for informational purposes.

Class Participation (5%): You are expected to attend all class meetings and be a positive contributor. Participation in class is highly recommended and will be much appreciated. Please ask questions in class – if something is unclear to you, it is likely unclear to other students as well. Please answer questions in class even if you are not sure you are correct. I reserve the right to cold-call if necessary.

Please refrain from inappropriate behavior that detracts from the learning of others and the classroom environment such as emailing, texting, IMing, surfing the internet, etc. Please turn off cell phones.

Please make every effort to arrive in class on time – late arrivals are disruptive for us all. If you have to leave the room during class, please close the door softly to minimize the disruption to the class.

Problem Sets (10%): This course will feature 8 weekly assignments, including both problems and short answer questions based on the readings. You may work on assignments individually or in groups of 2-3 students; if you work in a group, you may turn in one assignment per group. I encourage you to work in groups since three heads are better than one. However, I expect that each member of the group understands all the work that is submitted since the problem sets are the best way to prepare for the exams. I suggest that you attempt the problem set on your own first before meeting to discuss your answers.

The problem sets will be graded check, check +, and check -; it is your responsibility to check correctness with the solution sets.

Problem sets will generally be due in class on Thursdays. They may also be emailed to me before the beginning of class. Please write your name(s) in the document itself. **Late assignments will not be accepted.**

Exams: There will be two midterm exams (worth 25% each) and a final exam (worth 35%). All exams will be closed book and closed notes. The final exam will be cumulative.

Requests for re-grades must be submitted by email to me within one week of the return of that graded assignment or exam to the class. Note that the entire exam is subject to re-grade.

Course Resources

Course Website (on Sakai): Please get in the habit of checking the course website regularly. I expect that you will check your email and the website at least every two days during the semester. I will use the website to make announcements and post assignments and handouts. You can use it to ask questions of me, the tutors or your fellow students.

Office Hours: Please feel free to stop by during my office hours (listed on the front of this syllabus) if you have any questions, concerns or are interested in learning more about a topic. If you have a conflict with all of my office hours, please let me know within the first week of the course; I will do my best to provide alternative office hours if the demand is sufficient. If conflicts arise throughout the semester, I am also available by appointment.

Email: I will usually respond to email within 24 hours, but my response time may be slower on weekends and holidays. Please plan accordingly if your question is time-sensitive. If your question may be of interest to other students, I encourage you to post on the website rather than emailing me. However, please cc me on any message posted to ensure a quicker reply.

Tutoring: Nandita Krishnaswamy and Toby Chaiken are the attached tutors for the course. They and the attached tutors from the other Econ 101 and 102 sections will be staffing the Econ Help Room, which will be open Mondays-Thursdays 7-9 pm, location TBA. The help room is intended to be a place where Econ 101/102 students can go to work on assignments together and obtain help in a casual, non-threatening atmosphere. The exact schedule of when our tutors will be there will be announced in the first week of class, but you should feel free to use the Help Room even if one of them is not there.

If you still feel overwhelmed or confused, please consider requesting an individual tutor assigned to you through the PLTC for one-on-one tutoring. This is a free service and can be extremely helpful. Further information and the tutor request form are available at <http://www.wellesley.edu/PLTC/>

Course Policies

Conflicts: If you have a pre-existing conflict with the exam dates, you must contact me by **February 4** to make alternative provisions. Acceptable conflicts include religious observances and athletic matches. Any alternative provisions will be made at my discretion.

Extension Policy: There will be no make-up exams or excused extensions on written work due, except under extreme circumstances such as severe personal illness or injury (requiring admission to the health center or hospital) or family crisis. In such cases, you must notify me in advance of the missed exam or due date for written work via a phone call or email. Unexcused late work or missed exams will receive a grade of zero.

Disabilities: Students with disabilities who need disability-related accommodations in the completion of course work should contact Jim Wice, Director of Disability Services, to arrange these accommodations. If the accommodations include alternative testing space or time, it is the responsibility of the student to contact me 1-2 weeks in advance of each exam to coordinate the provision of these accommodations.

The Honor Code: As a reminder, the Wellesley Honor Code, "As a Wellesley College student, I will act with honesty, integrity, and respect. In making this commitment, I am accountable to the community and dedicate myself to a life of honor." You should adhere to this code in the completion of all assignments and interactions with all members of the course.

Approximate Schedule

I. Introduction

Monday, January 24	1	Introduction to Economics I <i>Mankiw, Chapters 1 and 2</i>
Wednesday, January 26	-	No class
Thursday, January 27	2	Introduction to Economics II / Introduction to Supply and Demand <i>Mankiw, Chapters 1 and 2 (including appendix)</i> <i>"In Las Vegas, College Has Less Appeal Than Casinos," Boston Globe, 2/21/1999</i> <i>R. Blank, "What do economists have to contribute to policy decision-making?" Quarterly Review of Economics and Finance (2002), pp. 817-24.</i>

II. The Market System: Supply and Demand

Monday, January 31	3	Supply and Demand I <i>Mankiw, Chapter 4</i> <i>"Facing New Costs, Some Smokers Say, 'Enough'," New York Times, 7/17/2002</i>
Thursday, February 03	4	Supply and Demand II <i>Mankiw, Chapter 4</i> Problem set 1 due
Monday, February 07	5	Consumer and Producer Surplus <i>Mankiw, Chapter 7</i> <i>"Seven Lessons about Superbowl Tickets," New York Times, 2/1/2001</i>
Wednesday, February 09	6	Price Restrictions <i>Mankiw, Chapter 6</i> <i>"Ohio Dairy Industry Hopes Price Pact Doesn't Go Sour," Plain Dealer, 7/4/2001</i>
Thursday, February 10	7	Elasticity <i>Mankiw, Chapter 5</i> <i>"China's Movie-Going Masses Cheer Deep Cuts in Ticket Prices," New York Times, December 20, 2000</i> Problem set 2 due
Monday, February 14	8	Taxation <i>Mankiw, Chapter 8</i> <i>"Despite Tax-The-Rich Plans, Congress May Repeal Luxury Tax," Christian Science Monitor, 1/25/1993</i>
Thursday, February 17	9	Applications of Supply and Demand Problem set 3 due
Monday, February 21		No class, President's Day
Wednesday, February 23	10	In-class Review Session
Thursday, February 24	11	Midterm 1

III. Consumer Behavior

Monday, February 28	12	Consumer Behavior I <i>Mankiw, Chapter 21</i>
Thursday, March 03	13	Consumer Behavior II <i>Mankiw, Chapter 21</i> "Groups That Change Communities: Berkeley Cares," (http://www.grass-roots.org/usa/berkcares.shtml) "Berkeley Finding Vouchers Work," <i>San Francisco Chronicle</i> , 11/24/1994
Monday, March 07	14	Behavioral Economics <i>Mankiw, Chapter 22 (Behavioral Economics section only)</i> Problem set 4 due

IV. Firm Behavior - Perfect Competition

Wednesday, March 09	15	Costs of Production <i>Mankiw, Chapter 13</i>
Thursday, March 10	16	Perfect Competition I <i>Mankiw, Chapter 14</i>
Monday, March 14	17	Perfect Competition II <i>Mankiw, Chapter 14</i> <i>The Travels of a T-Shirt in the Global Economy, Chapter 10</i> Problem set 5 due
Thursday, March 17	-	Spring Break
Monday, March 21	-	Spring Break
Thursday, March 24	-	Spring Break
Monday, March 28	18	Factor Markets <i>Mankiw, Chapter 18</i> <i>Naked Economics, Chapter 6</i>

V. Firm Behavior - Imperfect Competition

Wednesday, March 30	-	No class (tentative schedule)
Thursday, March 31	19	Monopoly <i>Mankiw, Chapter 15</i> "De Beers and Beyond: The History of the International Diamond Cartel," <i>London Business School Case</i> , 1998 Problem set 6 due
Monday, April 04	20	Oligopoly <i>Mankiw, Chapter 16</i> "Ex-Executive of Christie's Tells of Collusion Scheme," <i>New York Times</i> , 11/15/2001 "Princeton University's Shift from Loans to Grants Could Change How Schools – and Students – Negotiate Financial Aid," <i>Christian Science Monitor</i> , 2/13/2001

Thursday, April 07	21	Monopolistic Competition <i>Mankiw, Chapter 17</i> <i>"Looking to Take on Apple's iPod, Microsoft Plans its Own Hand-Held Player," New York Times, 7/6/2006</i>
Monday, April 11	22	Antitrust (if time allows) <i>"Clear Sailing is Seen for Nestle-Ralston Merger," St. Louis Post-Dispatch, 4/22/2001</i> Problem set 7 due
Wednesday, April 13	23	In-class Review Session
Thursday, April 14	24	Midterm 2

VI. A Role for Government

Monday, April 18		No class, Patriot's Day
Tuesday, April 19	25	Externalities I <i>Mankiw, Chapter 10</i> (Monday Schedule)
Thursday, April 21	26	Externalities II <i>Mankiw, Chapter 10</i> <i>"The Taxes of Sin: Do Smokers and Drinkers Pay Their Way?" Journal of the American Medical Association, 3/17/1989</i>
Monday, April 25	27	Public Goods <i>Mankiw, Chapter 11</i> <i>"Bar the Door, TV Ads Want Your TiVo," New York Times, 5/17/2006</i> <i>"A Tale of Two Fisheries," New York Times, 8/27/2000</i>
Thursday, April 28	28	Redistribution <i>Mankiw, Chapter 20</i> <i>"The Height of Inequality," The Atlantic Monthly, 9/2006</i> <i>(http://www.theatlantic.com/doc/200609/crook-inequality)</i> <i>"For Richer," New York Times, 10/20/2002</i> Problem set 8 due
Monday, May 02	29	Social Insurance <i>Mankiw, Chapter 22 (sections TBA)</i> <i>"Health Coverage for Almost Everyone: The Massachusetts Experiment" Harvard Public Health Review, Winter 2008</i> <i>"Reforming Social Security," Harvard Magazine, March-April 2005</i>
Thursday, May 05	30	Final Review Session