

**Econ 119: Principles of Economics**  
**Macalester College**  
**Spring 2011**

**Course Homepage:** <http://www.macalester.edu/~wests/econ119>

**Professor:** Sarah West  
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**Preceptors:** Nina Wellander and Yan Huang  
**Preceptors' office hours:** Nina: Tues. 7-9 PM Yan: Sundays 7-9 PM (both in Carnegie 304)  
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**Course Description and Objectives:**

The purpose of this course is to introduce the basic concepts of economics. Economics is divided into two main sub-disciplines: microeconomics and macroeconomics. Microeconomics is devoted to the study of how consumers and firms make decisions at an individual level (the “micro” level). Microeconomics poses these kinds of questions: How do individuals decide what and how much to purchase? How might welfare reform affect an individual’s decision to work or not work? How will the entrance of a CVS pharmacy affect a local drugstore’s likelihood of closing? What is the lowest price at which the owner of a textile factory will continue to produce shoes? Will airline mergers result in price increases or decreases? How would households respond to an increase in the gas tax?

Macroeconomics, on the other hand, asks questions at the aggregate level (the “macro” level). A macroeconomist might ask the following questions: How does growing government debt affect aggregate production of goods and services? Given current economic conditions, should the Federal Reserve Bank increase interest rates? What caused the financial crisis of 2008? If a developing country government wants to increase living standards and must choose between spending money on health care or on education, what should it do?

This course will introduce the concepts and tools used to study questions at both the micro and macro levels. It will also examine how government policies and institutions affect individual decisions and the macroeconomy.

**Required Text:**

*Principles of Economics*, fifth edition, by N. Gregory Mankiw (Southwestern College Publishers, 2009). **ISBN:** 9780324589979. Occasionally, I will require supplemental readings or handouts. These will be handed out in class, posted on the course homepage, or sent via email.

## Course Policies and Tips for Success:

The class itinerary is included in this syllabus. Please note exam dates and assignment due dates now. You may **reschedule an exam only** if you have a conflicting religious holiday. You must make arrangements to reschedule at least one week before the scheduled exam time. The only excuses for a **missed exam** are verifiable medical emergencies or absences for those students who represent the College in college-sponsored activities as specified in Macalester's *Class Attendance and Absences Policy* (see [http://www.macalester.edu/deanofstudents/handbook/acad\\_pol.htm#004](http://www.macalester.edu/deanofstudents/handbook/acad_pol.htm#004)). In the event of an excused missed exam, the average of the other exam grades will serve as the grade of the missed exam. I do not accept late homework or homework handed in electronically. All assignments are due at the beginning of the class period.

A substantial amount of exam content will be presented only in class. I urge you to work together on your homework, but each of you must write up your own assignment. Read actively and write down questions. Visit me often to make sure that you are clear on ideas presented in class. Check your email regularly; I often send updates and readings electronically.

## Academic Honesty:

Cheating on exams, using another's homework solutions, or failure to acknowledge the contributions of others' work to your own are serious offenses. Cheating or failure to properly reference sources will result in a grade of **F** for the exam or assignment and may result in a failing grade for the course. All cheating and plagiarism will be reported to the Dean of Academic Programs. For additional information on academic honesty, please consult the MAX Center Academic Honesty sheet handed out in class and the *Student Handbook*. If you remain in doubt about what constitutes cheating or plagiarism, you must consult with me.

## Grading:

The course grade is composed of:

Homework (9 at 2% each):	18%
Two Midterm Exams (2 at 25% each):	50%
Final Exam:	32%

**Tentative Course Schedule (Subject to change)**

Date		Topic	Due	Textbook Chapters
Jan.	24	Introduction		1
	26	Production possibilities frontiers (PPFs)		2
	28	The gains from trade		3
	31	Supply and demand	Homework 1	4
Feb.	2	Supply and demand (continued)		4
	4	Elasticity		5
	7	Elasticity (continued)		5
	9	Minimum or living wage policy	Homework 2	6
	11	Measuring welfare and efficiency		7
	14	Exam preparation, International trade		9
	16	International trade	Homework 3 due Thursday	
	<b>18</b>	<b>Exam 1</b>		
	21	Consumer choice		21
	23	Labor supply		21
	25	Firms and the costs of production	Homework 4	13
	28	Profit maximization		14
Mar.	2	Perfect competition		14
	4	Monopoly, Monopolistic competition		15, 16
	7	Oligopoly	Homework 5	17
	9	Externalities		10
	11	Climate change		10
<b>Mar. 14-18</b>		<b>Spring Break</b>		
	21	Exam 2 review	Homework 6 due Tuesday	
	<b>23</b>	<b>Exam 2</b>		
	25	Factor markets		18
	28	Earnings and discrimination		19
	30	Income inequality and poverty		20
April	1	GDP		23
	4	The cost of living		24
	6	Production and growth	Homework 7	25
	8	Policies for growth		25
	11	Saving, investment, and the financial system		26
	13	Unemployment		28
	15	The monetary system		29
	18	Economics department honors defenses	Homework 8	
	20	Inflation		30
	22	Open economy macroeconomics	Honors Thesis Summaries	31
	25	Open economy macroeconomics		32
	27	Aggregate supply and aggregate demand		33
	29	Monetary and fiscal policy		34
May	2	Monetary and fiscal policy, Summary	Homework 9 due Tuesday	34

**Final Exam: Thursday May 5, 4:00-6:00 PM**