

**Courtney Coile**

**Fall 2006**

**Economics 101: Principles of Microeconomics  
Wellesley College**

Office: Pendleton 420  
Phone: 283-2408  
Email: ccoile@wellesley.edu

Office Hours:  
Tues 2:45-4:15  
Wed 3:30-5:00

Course Overview

This course is designed to acquaint you with the basic tools of microeconomics. 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. 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.

The course focuses on economic theory and therefore will often rely on abstract concepts. However, the course will emphasize the application of these concepts to real world situations through frequent in-class discussions of current events and interactive learning exercises.

Course Requirements

1. 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 graphical techniques and basic algebra. Calculus will not be used in this course, but you may find it to be helpful if you plan to take advanced economics courses.

2. Course Meetings

The course meets on Tuesdays and Fridays from 1:30-2:40pm in Pendleton 116. There is an extra class meeting time every other Wednesday (ALT-2) from 2:15-3:25pm in Pendleton 116. We will generally use these Wednesday meeting times; see below for details.

If you cannot attend class for any reason, it is not necessary to notify me or ask my permission. If you do miss class, you should get the notes from another student. If you have questions after having read the notes and that day’s reading, you are welcome to come to office hours.

3. Readings

The required textbook for the course is Principles of Microeconomics by N. Gregory Mankiw (Harcourt College Publishers, 3rd or 4<sup>th</sup> edition, 2004 or 2006). The book is available at the college bookstore. I have also assigned articles from newspapers and magazines for us to discuss in class; these are available through the e-reserves section of the course conference.

4. Assignments

The course will feature weekly assignments, which cumulatively are worth 20% of the final grade. Assignments will mostly be problem-based but will also include some short answer questions or short essays based on 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. If working in a group, be sure that all members of the group learn from the process, as the assignments are the best practice for the exams. I suggest that you each try it on your own first then meet to discuss your answers.

Assignments will be due on Tuesdays and handed out one week before the due date. I do not accept late assignments as it is unfair to other students – it delays the return of your graded work and does not give them the same opportunity for extra time.

#### 5. Exams

The course will include two midterm exams (worth 20% of the final grade each) and a final exam (worth 40%). All exams will be closed book. The final exam will be comprehensive with an emphasis on material from the last third of the course. A practice exam and solutions will be provided before each exam. Please notify me in the first week of classes about any foreseeable conflicts with the midterms. After this, make-ups will be allowed only for serious medical or personal problems. Students are expected to comply with the College's honor code.

#### 6. Class participation

Class participation is essential for your understanding of the material and for creating a fun learning environment for all. Please come prepared to participate by reading any assigned articles before class. Class participation is not formally part of your grade, but may be taken into account if you are on the border between one grade and the next. Please make every effort to arrive in class on time – late arrivals are disruptive for us all.

### Course Resources

#### 1. Class Tutor and Econ Help Room

Our class has an assigned tutor, Srividya Narasimhan, an econ major from the class of 2007. She and the other assigned tutors from the Econ 101 and 102 sections will be staffing the Econ Help Room, which will be open from 7-9pm Sunday through Thursday nights in Pendleton 116. The idea of the help room is that it will be a place Econ 101/102 students can go to work on assignments together and seek help in a casual, non-threatening atmosphere. I hope you will find it to be a useful resource. Srividya will be staffing the room on Monday nights, though you are welcome to go on other nights as well.

If you seek help from Srividya or me on an assignment, note that we will not be able to tell you if your answer is right. Struggling with hard questions is part of your preparation for taking exams. We will be much more helpful if you can frame your question as “part d has made me realize I don't really understand how a monopolist decides how much to produce, can we talk about that some more?” or something similar.

#### 2. Office Hours

If you are not free during my regular office hours (posted above), please send me an email so we can find another mutually convenient time to meet. I encourage you to come see me throughout the semester to discuss questions about the material, your progress in the class, the economics minor or major, and future economics course selections.

3. Course conference and email

You will automatically be subscribed to the course conference. You should get in the habit of checking it about once a day. I will use the course conference to make announcements and post assignments, solutions, handouts, and readings. You can use the conference to ask questions of me or of your fellow students. If your question is not private, I prefer to have it posted on the conference than sent to me by email (though feel free to cc me), since often multiple students have the same question or another student or the class tutor will be able to answer your question before I get to it.

You are also welcome to send me email directly. I will usually respond within 24 hours (and often much more quickly), but this is not guaranteed, especially on weekends.

4. Other Learning Resources and Special Needs

The Pfortzheimer Learning and Teaching Center offers a variety of resources for students, including Academic Peer Tutors for assistance with study skills and individual tutoring. Contact the PLTC or ask me for more information.

Students with disabilities are encouraged to speak with me early in the semester about their needs for disability-related accommodations. Veronica Darer, Director of Programs at the PLTC, is available to assist students in making these arrangements.

## Syllabus

### I. Introduction

- Tues, Sept 5                      Introduction to Economics I  
*Mankiw, Chapters 1 and 2*
- Fri, Sept 8                        Introduction to Economics II  
*Mankiw, Chapters 1 and 2 (including appendix)*

### II. The Market System: Supply and Demand

- Tues, Sept 12                      Supply & Demand I  
*Mankiw, Chapter 4*  
*"Facing New Costs, Some Smokers Say, 'Enough'," New York Times, 7/17/2002*
- Wed, Sept 13                      Supply & Demand II  
*Mankiw, Chapter 4*  
*U.S. General Accounting Office, "Energy Markets: Gasoline Price Trends," 9/21/2005, pages 1-6*
- Fri, Sept 15                        Consumer and Producer Surplus  
*Mankiw, Chapter 7*  
*"Seven Lessons about Superbowl Tickets," New York Times, 2/1/2001*
- Tues, Sept 19                      Price Restrictions  
*Mankiw, Chapter 6*  
*"Ohio Dairy Industry Hopes Price Pact Doesn't Go Sour," Plain Dealer, 7/4/2001*
- Fri, Sept 22                        Elasticity  
*Mankiw, Chapter 5*  
*"China's Movie-Going Masses Cheer Deep Cuts in Ticket Prices," New York Times, 12/20/2000*
- Tues, Sept 26                      Applications of Supply and Demand: Minimum Wage Debate  
*"What is a Living Wage?" New York Times, 1/15/2006*  
*"Santa Fe's Living Wage and the Labor Market," Employment Policies Institute Report, 9/2005*
- Wed, Sept 27                        Taxation  
*Mankiw, Chapter 8*  
*"Despite Tax-The-Rich Plans, Congress May Repeal Luxury Tax," Christian Science Monitor, 1/25/1993*

Fri, Sept 29 Midterm Review

Tues, Oct 3 \*\* MIDTERM 1 \*\*

Fri, Oct 6 No Class

### **III. Consumer Behavior**

Tues, Oct 10 Fall Break, No Class

Wed, Oct 11 No Class

Fri, Oct 13 Consumer Behavior I  
*Mankiw, Chapter 21*

Tues, Oct 17 Consumer Behavior II  
*Mankiw, Chapter 21*  
“Groups That Change Communities: Berkeley Cares,”  
(<http://www.grass-roots.org/usa/berkcares.shtml>)  
“Berkeley Finding Vouchers Work,” *San Francisco Chronicle*,  
11/24/1994

### **IV. Firm Behavior – Perfect Competition**

Fri, Oct 20 Costs of Production  
*Mankiw, Chapter 13*

Tues, Oct 24 Tanner Conference, No Class

Wed, Oct 25 Output Decisions in the Short Run  
*Mankiw, Chapter 14*

Fri, Oct 27 Output Decisions in the Long Run  
*Mankiw, Chapter 14*  
*The Travels of a T-Shirt in the Global Economy, Chapter 10*

Tues, Oct 31 Factor Markets  
*Mankiw, Chapter 18*  
*Naked Economics, Chapter 6*

### **V. Firm Behavior – Imperfect Competition**

Fri, Nov 3 Monopoly  
*Mankiw, Chapter 15*  
“De Beers and Beyond: The History of the International Diamond Cartel,” *London Business School Case*, 1998

Tues, Nov 7 Election Day Special: Economic Issues in the Mid-Term Election  
*Readings TBA*

Wed, Nov 8 Oligopoly  
*Mankiw, Chapter 16*  
*“Ex-Executive of Christie’s Tells of Collusion Scheme,” New York Times, 11/15/2001*  
*“Princeton University’s Shift from Loans to Grants Could Change How Schools – and Students – Negotiate Financial Aid,” Christian Science Monitor, 2/13/2001*

Fri, Nov 9 Monopolistic Competition  
*Mankiw, Chapter 17*  
*“Looking to Take on Apple’s iPod, Microsoft Plans its Own Hand-Held Player,” New York Times, 7/6/2006*

Tues, Nov 14 Midterm Review

Fri, Nov 17 **\*\* MIDTERM 2 \*\***

## **VI. A Role for Government**

Tues, Nov 21 No Class

Fri, Nov 24 Thanksgiving Break, No Class

Tues, Nov 28 Externalities I  
*Mankiw, Chapter 10*

Wed, Nov 29 Externalities II  
*“The Taxes of Sin: Do Smokers and Drinkers Pay Their Way?” Journal of the American Medical Association, 3/17/1989*

Fri, Dec 1 Public Goods  
*Mankiw, Chapter 11*  
*“Bar the Door, TV Ads Want Your TiVo,” New York Times, 5/17/2006*  
*“A Tale of Two Fisheries,” New York Times, 8/27/2000*

Tues, Dec 5 Redistribution  
*Mankiw, Chapter 20*  
*“The Height of Inequality,” The Atlantic Monthly, 9/2006*  
*“For Richer,” New York Times, 10/20/2002*

Fri, Dec 8

Social Insurance I

*Mankiw, Chapter 22*

*"Health Care for Everyone?" Wall Street Journal, 4/11/2006*

Tues, Dec 12

Social Insurance II

*"Reforming Social Security," Harvard Magazine, March-April 2005*

Dec 13 or 14

(Date/TimeTBA)

Final Exam Review