

**Economics 1**  
**INTRODUCTION TO ECONOMICS**  
**Swarthmore College**  
**draft syllabus (subject to minor changes)**

Prof. Steve O'Connell  
Office hours: T 9-1030, F 230-330

Fall, 2006: MWF 10:30 and 11:30, K226  
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Economics 1 is a 1-semester survey of microeconomics and macroeconomics. Required texts are:

- Hall, R. E. and M. Lieberman (2005), *Introduction to Economics*, 2<sup>nd</sup> edition (USA: Thompson South-Western).
- Barnes, Peter (2001), *Who Owns the Sky? Our Common Assets and the Future of Capitalism* (Washington: Island Press).
- Rajan, Ramghuram G. and Luigi Zingales (2003), *Saving Capitalism From the Capitalists* (Princeton: Princeton University Press).

Grading: Midterm #1, 20 percent / Midterm #2, 20 percent / Problem sets, 5 percent / Term paper, 25 percent / Final exam, 30 percent.

Problem Sets: Weekly problems sets are handed in during the following week's Monday class and graded by the TAs on a "check, check plus, check minus" basis. You may miss two over the semester without any grade penalty.

Term paper: A maximum of 12 double-spaced pages using a normal-sized font. The topic must be motivated by something you find intriguing enough to follow up in either the Barnes or Rajan/Zingales book. Your introduction must make clear precisely how your paper is motivated by claims or arguments of the relevant author(s), and what conclusions you have reached through your research. You must use at least 2 substantial references written before 1990 and at least two written after 1990.

Term paper deadlines:

- ➔ **By FRIDAY Oct 27, email me with term paper proposal (1 para) and 4 good references.**
- ➔ **Absolute due date for term paper: Monday Dec 4, in class.**

*Please note: Plagiarism*, defined as an attempt to pass off work of others as your own, is a severe violation of academic integrity. Penalties for plagiarism in this course begin with failing the course and continue in the college's formal judicial procedures, where suspension is likely and expulsion is possible. The good news is that plagiarism is easily avoided. You can feel free to present the work of others in your term paper *provided you give proper attribution*. This means enclosing all direct quotations in quotation marks, and providing the exact sources of all direct quotations, paraphrased material, and major facts or ideas. For an extended example go to <http://www.swarthmore.edu/SocSci/soconne1/documents/plagiarism.pdf>

TAs & Walk-in Clinic: Andrew Brown and Isaac Sorkin are our TAs. They will grade problem sets and also run a weekly walk-in clinic Sunday evenings 7:30-9:30pm in K116. Please take advantage of the walk-in clinic for help with any course material including problem sets, lecture notes, and readings.

Ec 1 Lectures: The department regularly sponsors Ec 1 evening lectures by visiting economists, at times TBA. You are strongly encouraged to attend.

## Ec 1 Weekly topics and assignments

### PART 1. SUPPLY, DEMAND, AND TRADE

#### Week 1 (M Sep 4)

Weekly pset

Chapter 1 What is Economics?

Chapter 2 Scarcity, choice and economic systems.

Chapter 3 Supply and demand.

P&E 3,7,11; CQ 1

Chapter 3 Appendix: elasticity of demand.

#### Week 2 (M Sep 11)

Chapter 18 Comparative advantage and international trade

P&E 1,2,3,4

Read Barnes, Introduction and Chapters 1-4.

→→ **Friday Sept 15 is the end of drop/add period.**

### PART 2. TOOLS OF MICROECONOMIC ANALYSIS

#### Week 3 (M Sep 18)

Chapter 4 Consumer choice.

P&E 1,10,11,12; CQ 1

Chapter 4 Appendix: Consumer theory with indifference curves

Read Barnes, Chapters 5-8(end).

#### Week 4 (M Sep 25)

Chapter 5 Production and cost

P&E 2,9

Chapter 6 How firms make decisions: profit maximization

P&E 2,3,5

→→ **FRIDAY Sep 29, in class: MIDTERM #1 covering weeks 1-3.**

#### Week 5 (M Oct 2)

Chapter 7 Perfect competition

P&E 2,3,4,9; CQ 3

Read Rajan/Zingales: Introduction and chapters 1-3.

### PART 3. MARKETS AND RESOURCE ALLOCATION

#### Week 6 (M Oct 9)

Chapter 8 Monopoly and imperfect competition

P&E 3,5(a,d),10,11,12

Chapter 8, Appendix on Price Discrimination

Read Rajan/Zingales: Chapters 4-5.

#### **FALL BREAK: Week of Monday October 16**

#### Week 7 (M Oct 23)

Chapter 10 Economic efficiency and the role of government P&E 1,2,4,6; CQ 1

Read Rajan/Zingales: Chapters 6-8.

→→ **By FRIDAY Oct 27, email me with term paper proposal (1 para) and 4 good references.**

**Week 8 (M Oct 30)**

Chapter 9 Labor markets and wages P&E 1,2,3; CQ 1  
→→ **FRIDAY Nov 3, in class: MIDTERM #2 covering weeks 4-7.**

**PART 4. TOOLS OF MACROECONOMIC AND GROWTH ANALYSIS**

**Week 9 (M Nov 6)**

Chapter 11 Introduction to macroeconomics  
Chapter 12 Production, income and employment P&E 1,2,3  
Read Rajan/Zingales, Chapters 9-11.

**Week 10 (M Nov 13)**

Chapter 13 The monetary system, prices and inflation P&E 6,9  
Chapter 14 Economic growth & rising living standards P&E 1,3,6  
Read Rajan/Zingales, Chapters 12-13(end).

**PART 5. SHORT-RUN BEHAVIOR OF THE MACROECONOMY**

**Week 11 (M Nov 20)**

Chapter 15 Economic Fluctuations P&E 1,3,5,6,8  
Chapter 15 Appendix: The special case of the tax multiplier  
No class Friday Nov 24 (Thanksgiving holiday)

**Week 12 (M Nov 27)**

Chapter 16 The banking system, the Fed & monetary policy P&E 1,3,4,6,8

**Week 13 (M Dec 4)**

Chapter 17 Aggregate demand and aggregate supply P&E 2,3,5,6,8  
→→ **TERM PAPERS DUE Monday Dec 4 in class.**

**Last class meeting (M Dec 18)**

Chapter 17, continued. no problem set

→→ **FINAL EXAM at scheduled time during finals week, cumulative but emphasizing weeks 8-13.**