

EC110 Principles of Economics

(Fall 2018)

Seminar Leader: Martin Binder, Beatrice Farkas

Course Times: Mon, Wed 11:00-12:30

Email: m.binder@berlin.bard.edu, office hours: <http://tinyurl.com/hkjk2jk>

Email: b.farkas@berlin.bard.edu, office hours: [tba](#)

Course description

This course is an introduction to the essential ideas of economic analysis. It elaborates the basic model of consumer and firm behaviour, including demand and supply, in the context of an idealized competitive market, and examines several ways in which the real world deviates from this model, including monopoly, minimum wages and other price controls, taxes, and government regulation. The assumptions concerning human behaviour that underlie economics are presented and critiqued. The module is also concerned with the aggregate behaviour of modern economies: growth and measurement of the economy, unemployment, interest rates, inflation, government spending and its impact, and international trade. Part of the module focuses on the government tools used to influence economic growth and individuals' behaviour.

Learning outcomes

- Mastery of fundamental concepts of economic analysis
- Understanding of the economic method and its application to the explanation of human behaviour
- Basic knowledge and understanding of the overall functioning of modern economies
- Ability to recognize and understand the ways in which real-world economic activity and behaviour deviates from the models and patterns used in the discipline of economics
- Capacity to analyse and critique the assumptions concerning behaviour that are at the basis of economic analysis

Requirements

Textbooks

For this course, we will use the textbook “Economics” by Mankiw/Taylor (4th edition; you can also buy the 3rd rev. ed. as imperfect substitute) and required readings will mostly be from this book (other editions of the book “Principles of Economics” by Mankiw may be used as even less perfect substitutes).

Attendance

Attendance at ALL classes is expected. More than two absences (that is absences from two sessions of 90 minutes) in a semester will significantly affect the grade for the course. The two absences are meant as **insurance policy for you** in case of illness or other unforeseen yet important events outside of the classroom.

Assessment

Assessment will be based on attendance, preparation for classes, regular and active participation, quizzes, problems sets, as well as a mid-term (60 minutes) and a final examination (90 minutes). The quiz and problem set with the worst grade will not count towards the grade. Absences on days of

quizzes result in failing that quiz (no make-up quizzes; you are protected by the policy that the worst quiz will not count towards your final grade).

Policy on late submission of exercises

Problem sets are due as per instructions in class and. Late submission grading as per student handbook, but problem sets need to be handed in at the end of the week of the deadline at the latest and will not be accepted afterwards.

Grade breakdown

Seminar preparation, active participation and professionalism 20%

Quizzes and short problem sets 20%

Mid-term exam 30%

Final examination 30%

Schedule

Classes start on Monday Sep 03 and run until Wednesday Dec 12, with fall break planned for Oct 29–Nov 02, 2018. Completion week will take place Dec 17–21.

The schedule provided is provisional in order to allow for flexibility. It is the students' responsibility to keep themselves informed of any changes to the schedule provided here. An up-to-date schedule will be maintained by the course management in our google classroom system and lecture slides can be downloaded from there as well. Please sign in for the course, using the code provided in the first session of class (classroom.google.com). Problem sets will be distributed and returned via google classroom.

Week 1 – Introduction/The principles of economics

Sep 03, Sep 05

Reading: Mankiw/Taylor, Ch. 1

Week 2 – How economists think

Sep 10, Sep 12

Reading: Mankiw/Taylor, Ch. 2

Week 3 – How markets work I: Supply and demand

Sep 17, Sep 19

Reading: Mankiw/Taylor, Ch. 3

Week 4 – How markets work II: Price controls, taxation

Sep 24, Sep 26

Reading: Mankiw/Taylor, Ch. 8

Week 5 – How markets work III: Markets and Welfare

Oct 01, no class on Oct 03

Reading: Mankiw/Taylor, Ch. 7

Week 6 – How markets work III: Markets and Welfare

Oct 08, Oct 10

Reading: Mankiw/Taylor, Ch. 7 (plus additional readings in google classroom)

Week 7 – The economics of the public sector

Oct 15, Oct 17

Reading: Mankiw/Taylor, Chs. 10-11

Week 8 – The economics of the public sector

Oct 22, Oct 24 (Mid-term exam, 24.10., 10:45-12:15, classroom)

Reading: Mankiw/Taylor, Chs. 10-11

(Fall break: Oct 29-Nov 02)

Week 9 – Firm behaviour I: Costs and production

Nov 05, Nov 07

Reading: Mankiw/Taylor, Ch. 6

Week 10 – Firm behaviour II: Perfect Competition

Nov 12, Nov 14

Reading: Mankiw/Taylor, Ch. 6

Week 11 – Gains from trade

Nov 19 Nov 21

Reading: Mankiw/Taylor, Ch. 19

Week 12 – The data of macroeconomics: GDP

Nov 26, Nov 28

Reading: Mankiw/Taylor, Ch. 20

Week 13 – Inflation

Dec 03, Dec 05

Reading: Mankiw/Taylor, Ch. 21

Week 14 – Unemployment or Inequality

Dec 10, Dec 12

Reading: Mankiw/Taylor, Ch. 18 or Ch. 23

Week 15 – Completion Week (FINAL EXAM on Monday Dec 18, 10:45-12:15 venue tba)

Classes missed due to federal holidays will not be rescheduled.

Professionalism

Being a student is your full-time job and with it come a set of responsibilities and expectations, as with any other job. Maintaining a professional attitude towards your course of studies is something that also prepares you for later work life. A professional attitude towards your studies is shown by coming to class on time, being prepared, being courteous to your teachers and fellow co-students. It is exhibited by writing your essays with care, actively participating in class, avoiding distractions (excessive bathroom breaks, using smartphones to check on irrelevant issues during class etc.), not missing classes except for the most dire of circumstances and in general by adapting to the rules of the course without trying to bargain for personal exceptions.

Ethics/Academic honesty

A core value of the academy is truth and the pursuit thereof. Nothing can shake the foundations of this pursuit as much as academic dishonesty as it undermines trust in this pursuit. This is why I will not condone any instance of academic dishonesty. Plagiarism, cheating during exams, copying homework assignments (or doing individual assignments with a classmate) all constitute violations of academic honesty and of the clause on “academic integrity” that each student has signed in the student handbook. They can lead to failing the course and will be reflected in the student’s record (having a record of academic dishonesty can make getting grants, stays abroad or admission into other programs difficult if not outright impossible).

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