

ECONOMICS 111: AN INTRODUCTION TO ECONOMICS

COURSE DESCRIPTION AND GOALS

The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air are distilling their frenzy from some academic scribbler of a few years back.

—J. M. KEYNES, *The General Theory of Employment, Interest and Money*

We take as our idea of “economics” as understood by Lionel Robbins in his 1932 essay *The Nature and Significance of Economic Science*:

economics is the science which studies human behavior as a relationship between ends and scarce means which have alternative uses.

Put another way: economics studies how we can allocate scarce resources to result in well-being. This is an absolutely essential examination for any individual or group of individuals. As such, there are many ways of studying these questions. One could take a Marxian approach, a so-called heterodox approach, or an Austrian approach -- there are many ways of thinking about this fundamental issue.

This course, Economics 111, introduces the basic concepts one must master to understand the principles of *neoclassical* economics. We base our analysis in the intellectual tradition of the late 19th century and early 20th century, in those economists who studied how competitive and non-competitive markets created aggregate equilibria from individual choices of individuals and firms.

Economics 111 is divided into two parts: microeconomics and macroeconomics.

We begin by focusing on microeconomics, in which we examine one market at a time, and we study the concepts needed to understand how that market behaves, or misbehaves.

In the second part of the course, we turn our attention to macroeconomics, which involves the study of the economy as a whole, especially issues related to output and its growth, unemployment, productivity, and inflation.

Every day, indeed, politicians and “experts” make claims about the economy and proposals to cure its alleged ills. We hope that Economics 111 will provide you with a basic tool kit for one sort of understanding of the economy that will help you assess intelligently the tradeoffs of the many proposals being considered. This is one of the primary goals of the course.

This course has no prerequisites, though a facility with graphical analysis, some algebra and a penchant for analytical thinking are real pluses. The course assumes that you *have not* studied economics before. If you have studied economics before, please see the section below on “placing out of ‘Economics 111.’”

If Ec 111 is taken with the “no-grade” option, it will not count towards the Economics major.

PLACING OUT OF ECONOMICS 111

There are three ways to place out of Economics 111. Satisfying one of the three will allow you to go directly into either a lower-level elective or one of the theory courses required for the major:

- If you’ve taken AP economics, *both* Micro and Macro, and scored a 4 or 5 on both AP Tests.
- If you’ve scored a 6 or 7 on the *higher* level of the International Baccalaureate.

If you receive a passing score on the proficiency exam administered by the department. The exam will be administered: Monday, August 30th: 4:30-6PM (enrollment deadline: Monday 30th by 11AM), and Wednesday, September 1st: 7:30-9PM (enrollment deadline: Wednesday 1st by 2PM)

The exam is on Moodle and students can sign up for it using this [Google Form](#). Contact Amy Johnson (ahjohnson@amherst.edu) for details.

PROFESSORS, SECTIONS, MEETING TIMES, AND PASS/FAIL

Professor Daniel Barbezat, dpbarbezat@amherst.edu.
Professor Tyler Porter, tporter@amherst.edu.

READINGS

We have no required textbook for Economics 111. Materials on Khan Academy, open-source texts, like <https://open.umn.edu/opentextbooks/textbooks/principles-of-microeconomics-scarcity-and-social-provisioning> or other sources should provide plenty of background material to supplement the lectures. We will be assigning readings for our topic discussions which will take place bi-weekly (or so) in our Wednesday discussion sessions.

COURSE REQUIREMENTS AND GRADING

Each week a quiz will be given on Tuesdays for discussion on Wednesdays. Problem sets will be due on Fridays and submitted via GradeScope. The scheduled class time on Tuesdays and Thursdays will be used for lectures, while the Wednesday discussion sections will be mainly for review and application of the material from the lectures.

There will be two midterm examinations, as indicated on the schedule. A Final Examination will be scheduled by the Registrar during the College's Final Examination period.

Course grades are based on a weighted average of your performance on the work in the course. Your combined quiz scores (after dropping the lowest) account for 10 percent of the grade; and problem sets 15 percent total; the midterm exams will account each for 20 percent; and the final examination will account for 35 percent.

Makeup or rescheduled exams and quizzes will not be given. If you have a valid excuse (such as a medical emergency) for missing an exam, you must inform your section instructor *before* the exam if at all possible. If you are excused, your course grade will be based on your other completed work. If you do not have a valid excuse or if you fail to notify your instructor in advance (except in extreme cases) you will receive a score of zero for the missed exam. Travel plans *do not* constitute a valid excuse for missing an exam. ***Do not make travel plans before checking the Registrar's final-examination schedule!***

The median grade in each section will be near the B+ break. That is, approximately half of the students in each section will receive a grade of B+ or higher, and approximately half will receive a grade of B or lower. Median grades on exams will be announced so you can monitor your performance in the course.

COURSE POLICY ON THE STATEMENT OF INTELLECTUAL RESPONSIBILITY

We expect you to abide by Amherst College's Statement of Intellectual Responsibility. While we encourage you to discuss the course material with other students, all written work—whether performed in or out of the classroom—must be your own. Violations of the Statement of Intellectual Responsibility will result in an F, in addition to any non-grade penalty imposed by the Dean for Student Conduct.

COURSE MATERIALS, WEB RESOURCES AND HELP SESSIONS

We will use the College's web-based systems (<http://moodle.amherst.edu>) to post readings, recommended end-of-chapter problems, practice problems, answer keys to quizzes and announcements. Tim Zhao ('23) and Xinya (Selena) Hong ('24) will hold a weekly review/help sessions – the schedule for these will be announced in the second week of classes. Please note that these sessions are a supplement to office hours (whose times will also be announced in the second week). If you have questions or concerns, of course, we encourage you to come and see us during office hours.

SCHEDULE

Week of

Topic

Aug 30 Introduction, PPF and Comparative Advantage

Sept 6 Demand, Supply, Equilibrium, and Elasticity

Sept 13 Welfare: Consumer and Producer Surplus

Sept 20 Market Failures, Government Interventions

***** First Midterm Exam *****

Sept 27 Theory of consumer choice

Oct 4 Costs of Production and Competitive firms

Oct 11 Costs of Production and Competitive firms (cont.)

Oct 18 Firms with market power

Oct 25 Macroeconomic measurement: growth, inflation and unemployment

***** Second Midterm Exam *****

Nov 1 Long-run growth and Potential Output

Nov 8 Money and the financial and banking system

Nov 15 The global economy: open economy macroeconomics

***** Thanksgiving Break *****

Nov 29 Short run fluctuations and fiscal and monetary policy: AD-AS-MP

Dec 6 Conclusion: Bringing it all together

******* Comprehensive Final Exam *******