

Prof. Monika Khan, 306 Converse Hall, (413) 542-5747, mkhan@amherst.edu

Prof. Chris Kingston, 314 Converse Hall, (413) 542-5139, cgkingston@amherst.edu

Welcome to Economics!

Economics 111 introduces the core ideas economists use to understand the U.S. and world economy. No prerequisites are required – just curiosity and a willingness to engage in challenging and rewarding ideas. The course assumes that you have not studied economics. If you *have* previously studied economics, please talk with one of us after class and see the section below on placing out of the course.

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

We begin by focusing on **microeconomics**, in which we think about how our society allocates resources, developing a conceptual framework to study the role of markets and governments, and to understand why markets sometimes do a good job of allocating goods and services, and sometimes do not. For example, why has the price of natural gas fallen in recent years, while the price of many foods has risen? How do farmers decide what crops to grow and what technologies to use? How do pharmaceutical companies set drug prices, and how do their choices affect whether medicine gets to those who need it most? In what ways are the gas, drug, and food industries alike, and in what ways are they different? What are the effects of government taxes on various kinds of goods and income? What are the pros and cons of different policy options to control pollution, to make housing affordable, to maximize the benefits of international trade, or to improve healthcare?

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, unemployment, productivity, and inflation. Why are some countries so much richer than others? Why have some poor countries grown rapidly, while others remain stagnant? Why did unemployment rise so dramatically during 2009–11, and then (before the pandemic) fall to historic lows? What was the rationale behind the government's responses to the economic downturn? The Federal Reserve was gradually raising interest rates before the pandemic; then they cut them sharply. Why would they want to do that, how would they go about it, and what might effects might it have? What are the longer run consequences of high US budget and trade deficits?

Every day, 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 understanding the economy that will help you assess intelligently the merits (or lack thereof!) of the many proposals. This is one of the primary goals of the course.

Sections and Enrollment

This is the syllabus for section 1 (Econ 111-01). Each week, we will meet for two 80-minute lectures (MW 8:30-9:50, in Seelye Mudd 206), and one smaller 50-minute discussion (either Econ-111F-01 (9-9:50, Conv 207), F-02 (10-10:50, Conv 207) or F-03 (11-11:50, Conv 302). While the structure and organization of class is subject to change as the pandemic situation evolves, all class meetings will be in person whenever possible. All students must adhere closely to all College standards for masks, physical distancing, hygiene, quarantine, and isolation. If you are feeling unwell or anyone you live with is feeling unwell, please be in touch by email and do not come to class.

There is another section of Econ 111 (Econ 111-02), taught by Profs. Barbezat and Porter, and a section taught by Prof. Sims, with an emphasis on environmental applications (Econ 111E). All sections cover essentially the same material, and all serve as a prerequisite for all other economics courses at the College.

If you are not registered and wish to add the class you should request to be added to the waitlist by emailing Prof. Kingston. If you decide to drop the class for any reason, please do let us know, so that your spot can be offered to another student.

If you have taken Economics before...

Since this is an introductory course, if you have taken a significant amount of economics already you might be able to place out of Economics 111 and go directly into either a 200-level economics elective or one of the theory (300-level) courses required for the major.

- If you've scored a 4 or 5 on both AP economics tests (Micro and Macro).
- If you've scored a 6 or 7 on the higher level of the International Baccalaureate.
- If you've received an A or A* in A-level economics.
- If you receive a passing score on the proficiency exam administered by the department. The exam will be administered on Monday and Wednesday of the first week of classes. For details see

<https://www.amherst.edu/academiclife/departments/economics/about-the-major/getting-started-in-the-major/placement-info>

Textbook (section 1 only)

Frank, Bernanke, Antonovics and Heffetz, *Principles of Economics: A Streamlined Approach*, either the 3rd edition (2016) or 4th edition (2021).

The first couple of chapters of the textbook have been posted on Moodle. Copies of the 3rd edition of the textbook are on reserve at the library (call number HB171.5 .F73435), and the library also has three online licenses which will enable you to read the 4th edition online. You can purchase online access to the text at

<https://www.mheducation.com/highered/product/M9781260226393.html>

To access the eBook, you can log in to the Connect website at

<https://connect.mheducation.com/class/c-kingston-fall-2021-mw-830am-khan-kingston>

The McGraw-Hill Connect website also has additional resources including videos and practice problems. Please note however that we will use the Amherst Moodle site to post all assignments for this course.

Faculty Office Hours

Prof. Khan: Tuesdays, 11am-1pm, Converse 301.

Prof. Kingston: Tuesdays, 3-5pm, Converse 314.

These regular weekly office hours are usually mainly focused on questions about the weekly homeworks. You should always attempt the homeworks before coming to office hours with questions. If you have any other concerns, please email to set up an individual meeting.

TA drop-in hours

Teaching assistants will hold regular drop-in office hours in the Economics Department Commons (Converse 306):

Mondays, 7-9pm (Mandisa Bailey '24)

Tuesdays, 7-9pm (Ankit Sayed '24).

As with office hours, to make the homeworks useful you should attempt them before coming to the TAs with questions. The TAs role is to answer questions on course material and to offer guidance to help you figure out how to tackle the practice problems *yourself*.

Expectations, Assessment and Grading

Final grades will be based on performance on homeworks, contributions to discussions, writing assignments, and exams, as follows:

Homeworks	12%
Reading responses (Moodle)	12%
Engagement in Friday discussions	12%
Microeconomics policy paper	12%
Macroeconomics policy paper	8%
Two Midterms (1 hour each)	12% each
Final Exam (2 hours)	20%

Homeworks and Practice Problems

Weekly homeworks and practice problems will be posted on the course Moodle site. The practice problems will help you master the tools you need to complete the homeworks. The homeworks are intended primarily as a learning tool rather than an evaluation tool, and we encourage you to collaborate and discuss the problems while working on them. You can learn a lot from each other this way. However, you should also ensure that the work you turn in is your own. This is in your own interest: making sure you have grasped the logic underlying your answers is crucial if you are to be successful in the exams. Homeworks will generally be posted on Moodle on Fridays and will be due the following Wednesday in class. You may turn in one homework up to 48 hours late without penalty.

Exams

There will be two one-hour midterms (mornings of Oct 1 and Nov 5), and a two-hour final exam scheduled by the registrar during finals week.

You should bring a calculator to each exam. Your calculator must not be a device that can transmit or receive information (eg., an iPhone). There will be no make-up exams.

In order to excuse you from an exam for any reason, we need to receive instructions from the Office of Student Affairs. It will not be possible to reschedule exams at short notice to accommodate athletic events, job interviews, or trips to conferences. Don't book a flight before you know the final exam schedule!

Friday discussion meetings

On Fridays, our section is split into three smaller discussion groups. Our Friday meetings will be primarily devoted to discussions, debates, and other group activities intended to explore a wide range of policy questions and other applications of the theory. You will usually be asked to read newspaper articles or view videos before each Friday meeting, and to post a brief response (max 250 words) to an online discussion forum on the Moodle site by Thursday evening.

Policy Paper

After the first midterm, you will be asked to choose a microeconomic policy issue and write a short paper exploring the tradeoffs involved in various policy options, using some of the models we have studied. Your paper should be at most 3 pages long (double spaced), with standard fonts and margins. More details will be provided nearer the time. Your microeconomics policy paper is due by 5pm on Friday October 29th.

You will also be asked to write a short macroeconomic analytical paper exploring the various topics that we will discuss during the course. Your paper should be at most 2 pages long (double spaced), with standard fonts and margins. More information will be provided as we begin discussing the macroeconomic part of the course. Your macroeconomics paper will be due by 5pm on Tuesday, December 7th.

Pass/Fail Option

You may exercise the pass/fail option, which allows you to choose to elect a "pass" instead of a letter grade at the end of the semester (this requires your advisor's permission, and must be declared before the first day of the final exam period). However, please be aware that if you do opt for pass/fail, this course will not count toward the requirements for the Economics major.

Inclusion and Accessibility

We view the diverse perspectives, experiences and talents that students bring to this class as an important resource that powerfully enhances all of our learning. We welcome feedback and suggestions about how to best realize the benefits of our diversity, and to make this course welcoming, accessible and engaging for all students.

If you have particular learning needs that would like to discuss with us, please schedule a meeting. We look forward to working with you to support your learning success. If you have a documented disability that requires accommodations, you need to register with Accessibility Services for coordination of your academic accommodations. They can be reached via email at accessibility@amherst.edu, or via phone at 413-542-2337. Once you have your accommodations in place, please ensure that you inform us well in advance of any exams, as it may be difficult to arrange accommodations on short notice. We will be glad to meet with you privately to discuss how best to implement your accommodations.

Course Policy on The Statement of Intellectual Responsibility

Thank you for agreeing to honor 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—needs to be your own. We take this very seriously and we expect that you do, too. **Violations of the Statement of Intellectual Responsibility will lead to a final course grade of F, in addition to any non-grade penalty imposed by the Dean for Student Conduct.**

To succeed in this course: Read the textbook before we cover the corresponding material in class. Come to class, take notes, and participate. Ask questions. Check your comprehension: would you be able to explain the main concepts? Try the practice problems, without looking at the solutions. Then go through the solutions to figure out what you didn't get. Start each homework early. Do as much as you can by yourself at first, then discuss and work with others to finish it. Come to office hours if you're stuck or have questions. And if at any point you find yourself having difficulty, be proactive and please don't hesitate to reach out for help.

Reading list (provisional; things may move around slightly as the semester progresses)

Each week, you should read one or two chapters from the textbook before we cover the corresponding material in class; this is important to help you get the most out of class.

Week of...	Readings for Monday		Topic
	<i>3rd edition</i>	<i>4th edition</i>	
30 August	Ch. 1	Ch. 1	Opportunity Cost; rational choice.
6 Sept	Ch. 2	Ch. 2	Demand, Supply & Markets. equilibrium.
13 Sept	Ch. 4 + p.143-148 + supplement 1	Ch. 3 + p.132-137 + supplement 1	Elasticity. Efficiency. Taxes and price controls.
20 Sept	Ch. 5 + p.129-133 + supplement 2	Ch. 4 + p.119-123 + supplement 2	Supply. The 'invisible hand'.
27 Sept	Ch. 8	Ch. 7 + Ch. 8	Game theory + behavioral economics

(First Midterm, 1 Oct, 8:45-9:45am)

4 October	Ch. 9 + p.238-242 + supplement 3	Ch. 9 + p.248-253 + supplement 3	Externalities, Public Goods, Common-pool resources, Pigovian taxes.
13 Oct <i>Fall break</i>	Ch. 7	Ch. 6	Monopoly, Price discrimination.
18 Oct	Ch. 11	Ch. 11	Comparative advantage. International Trade.
25 Oct	Ch. 12 + Ch. 13 + p.340-5	Ch. 12 + Ch. 13 + p.357-363	Measuring Output and Inflation.
1 Nov	Ch. 14 (remainder) + Ch. 15	Ch. 14 (remainder) + Ch. 15	Growth and Productivity; Labor markets (long run)

(Second Midterm, 5 Nov, 8:45-9:45am)

8 Nov	Ch. 16	Ch. 16	Saving, capital
15 Nov	Ch. 17 + Ch. 18	Ch. 17 + Ch. 18	Financial markets (long run). Business cycles and fiscal policy.
29 Nov, 6 Dec	Ch. 19 + Ch. 20	Ch. 19 + Ch. 20	Monetary policy. Inflation and aggregate supply (short run)