

Wesleyan University

ECON 110-03: Introduction to Economic Theory

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Fall 2023, TR 1:20-2:40, ALLB103
Office Hours: T 10-11, R 11-12,
or by appointment

This course is a one-semester introduction to the principles of economic theory and is intended for prospective majors and students wishing to prepare themselves for a broad range of upper-level elective courses in economics. The first part of the class will focus on microeconomics, which is concerned with the behavior of consumers and producers as well as markets for particular goods and services. The second part of the course considers macroeconomics, which is the study of aggregate economic activity. This class assumes proficiency with basic calculus.

Prerequisites

There is a calculus prerequisite for this course. The calculus prerequisite can be fulfilled by completing ECON 102, MATH 120, or MATH 121. It can also be fulfilled by receiving a score of 4 or 5 in AP Calculus AB or BC, by receiving a 5, 6, or 7 on the IB Higher Math test, or by placing into MATH 122 or higher according to the Wesleyan Math Placement test. Students who are interested in a less mathematical introduction to economics are advised to consider Econ 101, which covers many of the same topics, but does not require calculus. No prior background in economics is assumed.

Course Materials

Textbook: Paul Krugman and Robin Wells, Economics, 6th edition (ISBN: 9781319244941).

Moodle: I will post additional readings and other course materials (problems sets, practice exams, etc.) on our Moodle course site during the semester.

In addition to completing the readings for the class, I also recommend that you follow current economic events. Good sources of economic news are *The Economist*, *The Wall Street Journal (WSJ)* or the *Financial Times (FT)*. This is a good way to experience economics ‘in action’ and to apply the concepts you learn in class to the real world. You can find links to current subscription offers on the Moodle course site. The full online content of the WSJ, FT and The Economist can also be accessed free of charge through the [library](#).

Course Requirements

There will be two in-class non-comprehensive midterms and a comprehensive final exam, plus regular problem sets. The weights of the different elements for the final course grade are:

- Problem sets (10%): There will be eight problem sets over the semester. Each of them will be assigned one week before the due date. Problem sets are due in class. If you cannot make it to class, you need to contact me and leave your problem set before class in my mailbox in the Economics department (318 High Street, 1st floor). Late problem sets will not be accepted, and no extensions will be granted. You are encouraged to work together on the problem sets. However, I require an individual write-up by each student.
- Midterm 1 (25%): tentatively scheduled for Thursday, October 5.
- Midterm 2 (25%): tentatively scheduled for Thursday, November 9.
- Final exam (35%): Thursday, December 14, 2-4pm.
- Class participation (5%): I highly value class participation and encourage you to raise questions and to comment on level, pace and the content of the course during the semester. In addition, I will frequently open up topics for discussion. General guidelines for your class participation grade: frequent absences (or tardiness): *C*, demonstration of good understanding of material through occasional participation in class discussion: *B*, frequent participation in class discussion and raising insightful questions: *A*.

Class Organization

You are responsible for completing all assigned readings before coming to class. This course covers a lot of ground, and it will be impossible to discuss every important point during class. Reading the textbook and other assigned materials is therefore critical to developing a good understanding of the course material. In the lectures, we will also frequently extend the material beyond what you find in the textbook, which requires prior familiarity with the assigned readings.

In order to not divert my or the attention of your classmates, the use of computers, tablets, cell phones and other electronic devices is not permitted during class time.

Wesleyan University is committed to ensuring that all qualified students with disabilities are afforded an equal opportunity to participate in, and benefit from, its programs and services. To receive accommodations, a student must have a disability as defined by the ADA. Since accommodations may require early planning and generally are not provided retroactively, please contact Accessibility Services as soon as possible. If you have a disability, or think that you might have a disability, please contact [Accessibility Services](#) in order to arrange an appointment to discuss your needs and the process for requesting accommodations. Accessibility Services is located in North College, rooms 021/022, or can be reached by email (accessibility@wesleyan.edu) or phone (860-685-2332).

Grading and Exams

Midterm exams will not be given at any other times during the term. In case you miss a midterm exam due to illness or another serious emergency, the weight for your final exam will be increased accordingly. If you are not able to make it to an exam due to a serious reason, you have to contact me on the same day and explain what happened. In any case you will have to show proper valid documentation as soon as possible after the missed exam, such as a doctor's note.

In case you believe a grading mistake has been made on a problem set or exam, you may submit a written request for a re-grade within one week after the assignment was returned. As a result of a re-grade, your grade can go up, down, or stay the same. In line with [FERPA](#) regulations, no grading information will be shared via email. In case of grading questions, students are encouraged to attend office hours.

Honor Code

I expect you to adhere to the [Wesleyan University Honor Code](#). All submitted work, whether it is an exam or problem set, must be your own. Although I encourage you to work together on problem sets, I require an individual write-up by each student and I will not tolerate if you copy others' work. Any academic dishonesty will be reported to the Vice President for Student Affairs and the Student Honor Board.

Tentative Course Schedule*

Class	Date	Chapter	Topic	Notes
1	09/05	1/2	I. Introduction	
2	09/07	3	II. Supply and Demand	
3	09/12	4		
4	09/14	5		Problem Set 1 due
5	09/19	6		
6	09/21	7		Problem Set 2 due
7	09/26	8		
8	09/28	8/10		Problem Set 3 due
9	10/03	10	III. Markets and Consumers	
Midterm 1	10/05			
10	10/10	11	IV. Markets and Producers	
11	10/12	12		
12	10/17	13/14		Problem Set 4 due
13	10/19	14/15		
14	10/26	16/17	V. Public Policy	Problem Set 5 due
15	10/31	17/21		
16	11/02	22	VI. Macroeconomics: The Basics	Problem Set 6 due
17	11/07	23		
Midterm 2	11/09			
18	11/14	24		

19	11/16	25		
20	11/21	26		Problem Set 7 due
21	11/28	27		
22	11/30	28	VII. Explaining Economic Fluctuations	
23	12/05	29		Problem Set 8 due
24	12/07	30		
Final Exam	12/14			2-4pm

*Check regularly for an updated version on Moodle.

Additional Readings (all available on Moodle): * indicates required reading

II. Supply and Demand

Chapter 3:

*Thomas, Patrick, “Why Your Steak Is Getting Pricier,” *The Wall Street Journal*, June 1, 2023.

<https://www.wsj.com/articles/beef-prices-high-summer-barbecue>

Wolfe, Rachel, “Inflation and Other Woes Are Eating Your Girl Scout Cookies,” *The Wall Street Journal*, February 10, 2022.

<https://on.wsj.com/3QV3IsG>

Chapter 4:

**The Economist*, “Inequality v Growth,” March 3, 2014.

<https://www.economist.com/finance-and-economics/2014/03/03/inequality-v-growth>

Chapter 5:

*Johnston, Ian and Marton Dunai, “Europe’s Politicians Impose Price Caps to Address Soaring Food Costs,” *Financial Times*, May 21, 2023.

<https://www.ft.com/content/133ca49d-b25a-47ee-9bfa-d8c2f62a5f3b>

Kluth, Andreas, “Berlin’s Rent Controls Are Proving to Be a Disaster,” *Bloomberg*, March 2, 2021.

<https://bloom.bg/3TdVqhg>

Chapter 6:

The Economist, “How to Avoid Energy Rationing,” August 25, 2022.

<https://econ.st/3AS0ZLd>

Chapter 7:

**The Economist*, “Stuck in the Past: Overhaul Tax for the 21st Century,” August 9, 2018.

<https://www.economist.com/leaders/2018/08/09/overhaul-tax-for-the-21st-century>

Chapter 8:

The Economist, “The New Order of Trade,” October 6, 2021.

<https://www.economist.com/special-report/2021/10/06/the-new-order-of-trade>

III. Markets and Consumers

Chapter 10:

**The Economist*, “An Economy Run to Benefit Producers?” September 23, 2015.

<https://econ.st/2LFfuWd>

Ip, Greg, “Why an Economist Plays Powerball,” *The Wall Street Journal*, January 12, 2016.

<https://on.wsj.com/2Pi2l7o>

IV. Markets and Producers

Chapter 11:

*Eckert, Nora, “Ford Cuts Price of F-150 Lightning Electric Truck by Up to \$10,000,” *The Wall Street Journal*, July 17, 2023.

<https://www.wsj.com/articles/ford-cuts-price-of-ev-f-150-lightning-truck>

Chapter 12:

**The Economist*, “The New Rules of Competition in the Technology Industry,” February 27, 2021.

<https://econ.st/3wnNy3d>

Chapter 13:

**The Economist*, “The IMF Adds to a Chorus of Concern about Competition,” April 4, 2019.

<https://econ.st/2uTt3uZ>

Chapter 14:

*Wu, Tim, “The Oligopoly Problem,” *The New Yorker*, April 15, 2013.

<https://www.newyorker.com/tech/elements/the-oligopoly-problem>

Smyth, Jamie and Judith Evans, “US Baby Formula Crisis Spurs Debate over Lack of Competition,” *Financial Times*, June 29, 2022.

<https://www.ft.com/content/68c69fad-85bb-4fa6-946d-f314a0c15119>

Chapter 15:

**The Economist*, “Bold Strokes,” October 16, 2008.

<https://econ.st/2wtYUrn>

V. Public Policy

Chapter 16:

*Williams, Aime and Chris Campbell, “Carbon Pricing Reaps \$84bn But Falls ‘Well Below’ Climate Goals,” *Financial Times*, May 27, 2022.

<https://www.ft.com/content/a65c515c-b3e7-43c7-916f-36c59467a567>

Chapter 17:

McCarthy, John, “Crab Fight! Aboard Alaska’s Quest to Be America’s King of Crab,” *Forbes*, February 27, 2018.

<https://bit.ly/2wy78uP>

VI. Macroeconomics: The Basics

Chapter 21:

*Boarini, Romina, “Well-being and GDP: Why We Need Them Both,” *OECD*, July 13, 2012.

<http://www.oecdbetterlifeindex.org/blog/well-being-and-gdp.htm>

Chapter 22:

**The Economist*, “How Countries Calculate Their GDP,” March 26, 2014.

<http://www.economist.com/node/21599744>

Ip, Greg, “Why Inflation Erupted: Two Top Economists Have the Answer,” *The Wall Street Journal*, May 23, 2023.

<https://www.wsj.com/articles/why-inflation-erupted>

Chapter 23:

**The Economist*, “Economists Draw Swords over How to Fix Inflation,” July 5, 2023.

<https://www.economist.com/finance-and-economics/2023/07/05/>

Chapter 24:

*Gordon, Robert J., “Is US Economic Growth Over? Faltering Innovation Confronts the Six Headwinds,” *VoxEU*, September 11, 2012.

<https://voxeu.org/article/us-economic-growth-over>

Chapter 25:

**The Economist*, “The Origins of the Financial Crisis: Crash Course,” September 7, 2013.

<http://www.economist.com/node/21584534/>

VII. Explaining Economic Fluctuations

Chapter 27:

*Harding, Robin, “Recessions Have Become Rarer and More Scary,” *Financial Times*, September 3, 2019.

<https://www.ft.com/content/8a9d12a8-ce31-11e9-99a4-b5ded7a7fe3f>

Chapter 28:

*Sheiner, Louise, Sophia Campbell, Manuel Alcalá Kovalski and Eric Milstein, “How Pandemic-era Fiscal Policy Affects the Level of GDP,” *Brookings*, October 19, 2021.

<https://brook.gs/3r2fupJ>

Chapter 29:

**The Economist*, “Central Banks Should Make Clear What QE Is for, and Then Reverse It,” August 21, 2021.

<https://econ.st/3f7YuJ6>

Chapter 30:

**The Economist*, “Inflation Shows Both the Value and Limits of Monetary-policy Rules,” July 14, 2022.

<https://econ.st/3Kl83mE>