

University of Wisconsin, Department of Economics
Econ 111: Principles of Economics – Accelerated Treatment
Spring 2009

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Office hours: Friday 9:30-11:30 AM or by appointment

Course description

This course provides an accelerated introduction to microeconomic and macroeconomic theory and applications. It covers the same material as Economics 101 and 102 combined. We will thus need to move quickly through the material. The course is designed for honors students who possess strong analytical skills. We will make extensive use of graphs, algebra, and mathematical reasoning. I will sometimes provide optional calculus derivations, but the course is intended to be self-contained for students who have not taken calculus. Students often find this course challenging. Unless you possess strong analytical skills and are willing to work very hard, you are strongly encouraged to consider Economics 101 or 102 as an alternative.

Readings

The textbook for the course is Stiglitz and Walsh, *Economics*, 4th ed (Norton), which is available at the University bookstore. This book will be read almost from cover to cover. Further readings may be assigned and distributed in class.

Exams and grading

Four exams are scheduled. You should always bring a calculator to the exams. Midterm exams will be held in class on **February 17, March 26, and April 28**. Each of these exams will cover the material since the previous exam. The final exam will be held during test week on **Tuesday, May 12 at 2:45pm**. The final exam will be comprehensive.

The course grade is based on exam scores. To determine the final grade, I drop the lowest of the four exam grades and average the remaining three grades. On the last day of class, I will let you know the grade that you will receive for the course if you do not take the final exam. Obviously, if you receive an A average on the three midterm exams, you do not need to take the final. Because students can drop one exam, **THERE WILL BE NO MAKE-UP EXAMS.**

Study problems

There is no assessed homework for the course. However, I would strongly encourage students to work through the suggested study problems as we go along. Students who wait until just before the exam to attempt these problems will find that there is too much material to digest. Study problems come in two varieties: past exam questions and problems from the textbook. Midterm exams and solutions from the past 4 years have been placed in pdf files posted on my website: www.ssc.wisc.edu/~jmontgom. Following the format of the old exams, the midterm exams will usually contain 4 or 5 questions that require some combination of verbal explanation, graphs, and numerical computation. Unfortunately, I don't have solutions for the textbook problems (so would encourage you to compare answers with other students). The schedule below lists the exam and textbook questions corresponding to each lecture. (Note that exam questions sometimes draw upon multiple lectures. Further, because the material in the textbook and lectures have changed over time, some older questions may be less relevant.)

Lectures

Given the rapid pace at which we will move through the material, it is impossible for me to lecture on every topic covered in the textbook. Moreover, the lectures will sometimes supplement the material found in the text. Thus, you are strongly encouraged to read the assigned chapters before each lecture. Students are responsible for all material discussed in the lectures and the assigned readings.

Changes in the schedule

The tentative schedule is attached. However, announcements of changes in the course schedule, material, or procedures may from time to time be made in class and students will be responsible for the changes whether present or not.

COURSE SCHEDULE

Date	Topic	Readings	Study Problems				
			Textbook	2004 exams	2005 exams	2006 exams	2008 exams
1/20	Introduction	Ch 1 and 2	---	---	---	---	---
1/22	Demand & Supply	Ch 3	Pr 1, p 72	Ex 1, Q 2	Ex 1, Q 4a-b	Ex 1, Q 1a-b	Ex 1, Q1a-c (some parts)
1/27	Using Demand & Supply	Ch 4 (+appendix)	Pr 2, p 97	---	Ex 1, Q 3	Ex 1, Q 1c	Ex 1, Q1d-e
1/29	Consumption	Ch 5 (+appendix)	Pr 1, p 122	Ex 1, Q 3	---	---	---
2/3	The Firm's Costs	Ch 6 (+old appendix)	Pr 1-3, p 151-2	Ex 1, Q 4	Ex 1, Q2a	Ex 1, Q 2a	---
2/5	The Competitive Firm	Ch 7	Pr 1-2, p 172	---	Ex 1, Q2b-c	Ex 1, Q 2b-d	Ex 1, Q4
2/10	Labor & Capital Markets	Chs 8, 9 (+appendices)	Pr 3, p 187	---	Ex 1, Q 1	Ex 1, Q 3	Ex 1, Q2, 3
2/12	Efficiency	Ch 10	Pr 3, p 235	---	Ex 1, Q4c-d	Ex 1, Q 4	Ex 1, Q1 a-b (remainder)
2/17	Exam on material covered from 1/20 through 2/12						
2/19	Monopoly	Chs 11, 12	Pr 6, p 286	Ex 2, Q 2a	Ex 2, Q 1a	Ex 2, Q 1	Ex 2, Q1a
2/24	Strategic Behavior	Ch 14	Pr 4, p 330	Ex 2, Q 3	---	---	---
2/26	Oligopoly	Ch 12 (continued)	Pr 2, p 330	Ex 2, Q 2b-d	Ex 2, Q 2	Ex 2, Q 3	Ex 2, Q1b-e
3/3	Antitrust Policy	Ch 13	Rev Q 6, p 308	---	Ex 2, Q 1b-d	---	Ex 2, Q2
3/5	Imperfect Information	Ch 15	Pr 1, p 352	Ex 2, Q 4	Ex 2, Q 3	---	Ex 2, Q3
3/10	Public Sector	Ch 17	Pr 2, p 402	---	---	---	---
3/12	Externalities	Ch 18	Pr 2, p 419	Ex 2, Q 5	Ex 2, Q 4	Ex 2, Q 4	---
	[Spring break]						
3/24	Trade	Ch 19	Pr 1, p 451	Ex 1, Q 1	---	Ex 2, Q 2	Ex 2, Q4
3/26	Exam on material covered from 2/19 through 3/24						

(continued...)

COURSE SCHEDULE (continued)

Date	Topic	Readings	Study Problems				
			Textbook	2004 exams	2005 exams	2006 exams	2008 exams
3/31	Macroeconomics	Chs 21, 22, 23	Pr 1, p 521	Ex 3, Q 1	Ex 3, Q 1	Ex 3, Qs 1,2	Ex 3, Q1
4/2	Full-Employment Model	Ch 24	Pr 6, p 544	---	---	---	---
4/7	Gvmt & Foreign Sectors	Chs 25, 26	Pr 1-2, p 563	Ex 3, Q 3	Ex 3, Q 2a-b, 4	Ex 3, Q 3	Ex 3, Q2, 4a, 5
4/9	Growth and Productivity	Ch 27	Pr 6, p 603	---	---	---	Ex 3, Q3
4/14	Money & Banking	Ch 28	Pr 6, p 634	Ex 3, Q 2	Ex 3, Q 3	---	---
4/16	Macro Fluctuations	Ch 29	Pr 1, p 657	Ex 3, Q 4	---	---	---
4/21	Aggregate Expenditures	Ch 30	Pr 3, p 686	Ex 3, Q 5	Ex 3, Q 2c-d	Ex 3, Q 5	Ex 3, Q4b
4/23	Aggregate Demand	Ch 31	Pr 1, p 711	Ex 3, Q 6	---	Ex 3, Q 6	Ex 3, Q6
4/28	Exam on material covered from 3/31 through 4/23						
4/30	Fed & Interest Rates	Ch 32	Pr 3, p 724	---	---	Ex 3, Q 4	---
5/5	Macro Policy	Ch 33	Pr 4, p 753	---	---	---	---
5/7	Inflation & Unemploymnt	Ch 37	Pr 4-6, p 834-5	---	---	---	---
5/12 (Tuesday, 2:45 pm)	Exam on all material covered in course						