

PRINCIPLES OF ECONOMICS

Instructor

Name: David Zetland ("David" or "Professor Zetland")
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Office hours: Tuesday and Thursday 14:00-16:00 (shared with Micro)

Timing

Days/hours: Tues (11:00-12:50) & Thurs (17:00-18:50) in Room 3.05
Dates: The first class is Tuesday, 26 Aug. The last class is Thursday, 9 Oct
Final exam: Thursday, 16 Oct, 17:00-19:00

Technology

I do not allow laptops or mobile phones to be used in class. It's best to take notes
I will record all classes. Recordings will be posted at kysq.org/teach

Assignments and grades

Homework: 30 percent (hard copy due at start of class on 9 & 16 Sep and 7 Oct)
Briefing and critique 15 percent *each* (online submission due before by end of day)
Final: 40 percent

Textbooks

Brue, Stanley L., Campbell R. McConnell and Sean M. Flynn (2013), *Essentials of Economics*, 3rd International Student Edition. McGraw-Hill/Irwin. ISBN 978-1-259-01-06040-3
Landsburg, Steven E. (2012), *The Armchair Economist: Economics and Everyday Life*. Free Press.
ISBN: 978-1451651737

Briefing and Critique

This written assignments will give you the opportunity to discuss and analyze the economics of a policy/topic (TBA). Your task is to "brief" a busy politician on the pros and cons of an issue in less than 700 words. Three other students in the class will give an anonymous critical evaluation of your briefing (headings: "what I learned," "what I did not understand," and "how to improve") in 300 words or less. I will grade the briefings AND critical evaluations (15 points for each). The briefing is due by midnight, 23 Sep; critiques are due by midnight, 30 Sep.

Course Overview

Description

The track Economics starts with the principles of economics and their significance for economic policy. This course provides a solid base for subsequent courses in the optional track economics. Economics is the social science of satisfying unlimited wants with scarce resources. Principles of Economics refers to the basic methods and concepts economists use when doing economics, hence to economic analysis. In this view the term "economics" refers to the discipline, not to the economy.

We will discuss consumer and producer behavior, markets, business cycles, economic growth, money and the financial system. We will also discuss fiscal and monetary policy and policy issues such as unemployment, inflation, and balance of payments surpluses and deficits.

In this course, the student will gain a thorough acquaintance with the principles of economics. He will understand the economic motives of consumers and producers, the market processes and macroeconomic developments, as well as the interdependencies between economic processes and the main features of public economic policy.

Learning Outcomes

At the end of the course, students should be able to:

- describe the main principles of economics;
- understand how the main mechanism in economics work;
- identify some (global) economic problems in every day news, to relate them to economic concepts and to discuss these problems based on economic theory.

Prerequisites

For this course, it is not required that students have taken economics classes in high school. As the course covers similar subjects, it serves to some extent as a refresher of high school economics. However, we use a more academic approach. Students who have not followed any economics classes in high school should be able to pass for this course without any problems, but they should bear in mind that our tempo is a bit different, as it is a seven-weeks course.

Modules (*subject to change at instructor's discretion*)

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Weekly overview:

1. Introduction: scarcity, choice, opportunity cost, markets, circular flow model.
Reading: Brue et al. 1-3 plus Landsburg 1-4
2. Demand and Supply: demand, supply, market equilibrium, elasticities, public goods, externalities.
Reading: Brue et al. 4-5 plus Landsburg 5-8
3. The Ideal Market: business, costs, pure competition.
Reading: Brue et al. 6-7 plus Landsburg 9-12
4. Imperfect Competition: monopoly, monopolistic competition, oligopoly, antitrust policy.
Reading: Brue et al. 8-9 plus Landsburg 13-16
5. Resources and Domestic Product: labor market, income inequality, poverty, gross domestic product.
Reading: Brue et al. 10-12 plus Landsburg 17-20
6. Macroeconomics: business cycles, unemployment, inflation, aggregate demand and supply, fiscal policy, debt and deficits.
Reading: Brue et al. 13-15 plus Landsburg 21-24
7. Monetary and International Economics: money, banking, money demand and supply, interest rates, monetary policy, international trade and exchange rates.
Reading: Brue et al. 16-18