**Econ 51: Economic Principles**
Duke University Department of Economics
Summer II 2010

**Instructor:** Dan LaFave  
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**Office:** SocSci 02A  
**Website:** Blackboard course site

**Office Hours:** Monday 10:45-12:00, Thursday 2:00-3:30 or by appointment.

**Class:** Every weekday 9:30 – 10:45 in **Link Classroom #5** (Perkins 2-071)  
**Text:** *Economics* 8th edition by Michael Parkin

**Course Description**
This course provides an introduction to economic concepts and issues. It will introduce you to the methodology of economics, and use these tools to explore a variety of topics that concern economists and policy makers. The course moves quickly as we cover both Micro and Macroeconomic principles in a single semester. This is particularly true during the summer - we will cover in 6 weeks what many cover in a year.

**Goals of the Course**
By the end of the term, you should be able to approach and analyze issues thinking like an economist - in terms of tradeoffs, marginal costs, and incentives. To accomplish this, you will learn fundamental economic models such as supply and demand, the Keynesian expenditure model, and comparative advantage and gains from trade. A key goal of the course is to not only understand economic thinking in the abstract, but to be able to analyze real world situations and apply what you’ve learned to questions you face every day. You will learn that economics isn’t only about money and firms, but a social science fundamentally interested in understanding human behavior.

**Expectations**
Understanding what I expect of you and what you can expect from me is essential for a successful course - not only for doing well in terms of your grade, but also for having an engaging, and dynamic class experience.

**I expect you will:**
- Uphold the Duke Community Standard in all parts of the course, not only on exams. Students found to be in violation will be referred to the appropriate dean.
- Maintain an active engagement in the course. Come to class prepared, pay attention, and respond when called upon. Be engaged outside of class as well – prepare for exams and complete assignments by their due dates.
- Actively participate in the learning process. Ask questions when you don’t understand something (it’s true: if you’re lost, you’re not the only one). Come to office hours if you’re confused – use the resources you have to put yourself in a position to succeed.
- Recognize the commitment required to complete a difficult semester long course in an accelerated 6 week summer session.
You can expect I will:

- Uphold the Duke Community Standard.
- Come to class prepared, foster an engaging and respectful learning environment, and use class time effectively.
- Present economics so that it is relevant to your lives, not only a set of abstract concepts. I will not simply recite the textbook, and will work with you to build knowledge and develop a new lens through which to view the world.
- Assess your learning fairly, and provide constructive feedback on all quizzes and exams.
- Be approachable and accessible. I will be in my office during office hours and work with those who have time conflicts to find a meeting time that works for both of us. I will do my best to respond to all emails promptly, but emails sent at 3am before an exam at 9:30 may not be answered in time to help.

Grading

- **Problem Sets**: There will be weekly assignments checked and graded based on completeness. I’ll post solutions on Blackboard and it is your job to go over your work. Feel free to work in groups of up to three. If you do, please turn in one assignment per group (with the names of all group members on top). Problem sets are due at the beginning of class on the due date, and will not be accepted after the solutions are posted.

- **Quizzes**: We will have three quizzes that closely resemble one of the questions on the previous homework. Unlike the problem sets, they will be graded for correctness. These are intended to incentivize you to not only complete the problem sets, but to make sure you actually understand the material. A missed quiz will be replaced with the grade from the most relevant exam.

- **Exams**: There will be 3 exams and an optional cumulative final exam. If you decide to take the final, your lowest exam grade will be replaced with your grade on the final. This is true if you do better on the final than your lowest grade and if you do worse. If you miss an exam you must take the final - there are no makeup exams.
  - Exam 1: July 20\(^{th}\)
  - Exam 2: August 3\(^{rd}\)
  - Exam 3: August 12\(^{th}\)
  - Final: Sunday August 15\(^{th}\), 2pm

- Your final grade will be determined according to the following weights:
  - Exams: 27% each
  - Quizzes: 3% each
  - Problem Sets: 5%
  - Participation: 5%

- **A Note on Re-grade Requests**: You may resubmit any quiz or exam with an additional sheet attached explaining in a few words why you deserve a better grade. These are due one week after the graded work is returned. If you choose to petition for a change to your grade, I will re-grade the entire quiz or exam - not only the part in question. Remember, you are assessed on what is actually written on your paper, not what you meant to write.
# Course Outline *(tentative and subject to change)*

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<tr>
<th>Date</th>
<th>Topics</th>
<th>Assessment</th>
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| **Week 1** (July 6-9) | Problems of scarcity and choice (Ch. 1)  
Macro vs. Micro  
Production Possibility Frontier Model (Ch. 2)  
- Opportunity cost  
Supply and Demand (Ch. 3)  
Elasticity (Ch. 4) |                                                            |
| **Week 2** (July 12-16) | Consumer and Producer Surplus (Ch. 5)  
Using Supply and Demand (Ch. 6)  
- Price floors and ceilings  
- Taxes and subsidies  
- Quotas  
Economic and Accounting Profit (Ch. 9)  
Output and Costs (Ch. 10) | *PS #1 Due Monday (7/12)* |
| **Week 3** (July 19-23) | The Language of Macroeconomics (Ch. 20)  
GDP Accounting (Ch. 21)  
Unemployment and Inflation (Ch. 22)  
Aggregate Demand and Aggregate Supply (Ch. 27) | *PS #2 Due Monday (7/19)  
Exam #1 Tuesday (7/20)* |
| **Week 4** (July 26-30) | Keynesian Expenditure Model (Ch. 28)  
Money and Financial Markets (Ch. 25)  
Monetary Policy (Ch. 30) | *PS #3 Due Monday (7/26)* |
| **Week 5** (August 2-6) | Fiscal Policy (Ch. 31)  
Gains from Trade - Comparative Advantage (Ch. 2)  
International Trade (Ch. 32) | *PS #4 Due Monday (8/2)  
Exam #2 Tuesday (8/3)* |
| **Week 6** (August 9-12) | International Finance (Ch. 26)  
Exchange Rate Systems  
Special Topics – The Great Recession  
- Financial background  
- What went wrong?  
- Where do we go from here? | *PS #5 Due Monday (8/9)  
Exam #3 Thursday (8/12)* |