

# Economics 1: Principles of Economics

Wheeler Auditorium MW11-12  
University of California at Berkeley  
Spring 2012

Re-revised... as of February 28, 2012

Course websites:

bspace: <https://bspace.berkeley.edu/portal/site/807cbf25-1161-4508-8c1e-5b71c42e5fe1>  
delong: <http://delong.typepad.com/sdj/econ-1-spring-2012/>

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## Schedule and Assignments

W Jan 18: What Is Economics?

### **PART I: MARKETS**

M Jan 23: Demand and Supply (Read *Principles of Microeconomics*, chs. 1-3)

- Reading for Section: Dasgupta: “Preface”, “Prologue”, “Macroeconomic history”
- Section: First short essay “Letter of Introduction” due

W Jan 25: Demand and Supply II (Keep reading *Principles*, chs. 1-3)

- Reading for Section: Dasgupta, Trust, Communities
- Section: How to do problem set 1: demand and supply

M Jan 30: Market Equilibrium (Read *Principles*, ch. 4)

- Reading for Section: Dasgupta, Markets
- \* Section: Problem set 1 due

W Feb 1: Market Elasticity (*Principles*, ch. 5)

- Reading for Section: Dasgupta, Science and technology as institutions
- Section: How to do problem set 2: elasticities, equilibrium

M Feb 6: Markets as Win-Win Institutions (*Principles*, ch. 6)

- Reading for Section: Dasgupta, Housholds and firms
- Section: Problem Set 2 due

W Feb 8: Governments Create Markets (*Principles*, ch. 7)

- Reading for Section: Dasgupta, Sustainable development, Social well-being and democratic government, Epilogue
- Section: How to do problem set 3: win-win/consumer and producer surplus

M Feb 13: Governments Correct Markets (*Principles*, ch. 8)

- Reading for Section: Friedman and Friedman, Introduction, The power of the market, The tyranny of controls
- Section: Problem set 3 due

W Feb 15: Governments Override Markets (*Principles*, ch. 9)

- Section: Go over sample midterm

W Feb 22: MIDTERM 1

- No section; GSIs get graded midterms to DeLong for review by Monday Feb 27

## **PART II: BUSINESSES AND HOUSEHOLDS**

M Feb 27: Governments Override Markets (*Principles*, ch. 9)

- Reading for Section: Friedman and Friedman, The anatomy of crisis, Cradle to grave

W Feb 29: Consumers and Businesses (*Principles*, chs. 11 and 12)

- Reading for Section: Friedman and Friedman, Created equal, What's wrong with our schools?
- Section: How to do problem set 4: consumers and households

M Mar 5: Perfect Competition (*Principles*, ch. 13)

- Reading for Section: Friedman and Friedman, Who protects the consumer? Who protects the worker?
- Section: Problem set 4 due

W Mar 7: Monopolistic Competition (*Principles*, ch. 14)

- Reading for Section: Friedman and Friedman, The cure for inflation
- Section: How to do problem set 5: businesses/perfect competition

M Mar 12: Monopoly (*Principles*, ch. 15)

- Reading for Section: Friedman and Friedman, The tide is turning
- Section: Problem set 5 due

W Mar 14: Oligopoly and Strategy (*Principles*, ch. 16)

- Reading for Section: Seabright, Introduction, Who's in charge?
- Section: How to do problem set 6: market power, adverse selection, moral hazard

M Mar 19: The Labor Market (*Principles*, ch. 17)

- Reading for Section: Seabright, Part II prologue, Man and the risks of nature

- Section: Problem set 6 due

W Mar 21: Economic Inequality (*Principles*, ch. 18)

- Reading for Section: Seabright, Our violent past, How did the social emotions evolve?
- Section: Go over sample midterm

M Apr 2: MIDTERM 2

- No section; GSIs get graded exams to DeLong for review by Apr 6

### **PART III: MACROECONOMICS**

W Apr 4: What Macroeconomics Is (*Principles*, ch. 19)

- Reading for Section: Seabright, Money and human relationships, Honor among thieves? Honor among bankers?

M Apr 9: Aggregate Demand and Aggregate Supply Equilibrium (*Principles*, ch. 20)

- Section: Second short essay: “Friedman and Director Friedman and the Politics of Economics” due.
- Reading for Section: Seabright, Professionalism and fulfillment, Epilogue to parts I and II

W Apr 11: Shifting the Aggregate Demand Curve (*Principles*, ch. 21)

- Reading for Section: Seabright, Prologue to part III, The city, Water
- Section: How to do problem set 7: strategy/labor/inequality
- Section: hand back graded exams

M Apr 16: Aggregate Supply, the Phillips Curve, and Inflation (*Principles*, ch. 22)

- Reading for Section: Seabright, Prices for everything? Families and firms
- Section: problem set 7 due.

W Apr 18: Long-Run Economic Growth and the Government Budget (*Principles*, ch. 23)

- Reading for Section: Seabright, Knowledge and symbols, Exclusion, Epilogue to Part III
- Section: How to do problem set 8: aggregate demand and supply

M Apr 23: The Global Savings Glut, the Housing Bubble, the Financial Crisis, and the Recession (*Principles*, ch. 24)

- Seabright, Prologue to part IV, States and empires, Globalization and political action
- Section: Problem set 8 due

W Apr 25: Policies to Stem the Recession, the Jobless Recovery, the European Financial Crisis (*Principles*, ch. 25)

- Reading for Section: Seabright, How fragile is the great experiment?
- Section: How to do problem set 9: inflation and unemployment, economic growth

**WRAP-UP**

M Apr 30: REVIEW

- Problem Set 9 due.

M May 7 3-6PM: FINAL EXAM