

Economics 1 **Principles of Economics**

Stanford University
Department of Economics
Fall Quarter 2023

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Welcome to Principles of Economics, which covers all of economics at a basic level. Economics 1 is designed to be the best learning experience possible. We show how it's possible—as never before in history—to make economic ideas work in practice to improve people's lives. Economics is more important now than ever as the world becomes more integrated. We will show how ignoring economics as we apply the latest ideas—whether in artificial intelligence, machine learning, or big data—is a recipe for disaster.

The course stresses the key idea that economics is about making choices with limited resources and about people interacting with other people as they make these choices. Most of those interactions occur in markets, and the course is mainly about markets including labor markets and capital markets. We show why free competitive markets can improve people's lives and how such economic systems have removed millions of people from poverty, with many more, we hope, to come; we show how monopolies and environmental spillovers cause market failures; we show how new methods can be used to remedy these failures through government policy; and we explain why government failure can also be a problem. The overall goal is to use the latest ideas in economics to understand economic growth and rising living standards and to deal better with inequality, crises, and unemployment.

Course Organization - The lectures are Monday and Wednesday between 9:30 am and 11:20 am in CEMEX Auditorium. There are also discussion sections with teaching assistants on Thursday evening or Friday. The discussion section is an active learning session which is a valuable experience and essential to learning economics. Part of the grade will depend on participation in your section. Weekly problem sets are due at the start of each discussion section.

Readings - The textbook is *Principles of Economics: Version 9.1.1* by John B. Taylor and Akila Weerapana. It is available at the Stanford bookstore and on-line at <https://students.flatworldknowledge.com/course/2605061> (with options for online access, e-book downloads, or print).

Office Hours – Make use of our office hours as often as you can. If you cannot meet during scheduled office hours, make an appointment at another time. The teaching assistants have office hours open to all students.

The Introductory Economics Center provides support to the teaching of introductory economics at Stanford. The Introductory Economics Center ensures that Economics 1 teaching assistants receive intensive training and continuing support. Professor Mark Tendall, tendall@stanford.edu,

is the Associate Director of the Introductory Economics Center. In this capacity, he is responsible for training and supervising all Economics 1 teaching assistants. Please feel free to contact him if you have concerns or comments. For administrative questions, visit, email or call Kay Rusch, the Introductory Economics Center Administrator, Room 137, Economics, rusch146@stanford.edu 650-725-8792

Exams – There will be two mid-term tests and a final exam. The final is on December 14 from 8:30am to 11:30am.

Grades – Here is how the course grade is determined: problem sets and class participation count 20%, the two mid-term tests count 20% each, and final exam counts 40%.

Students with documented disabilities - Students who may need an academic accommodation based on the impact of a disability must initiate the request with the Office of Accessible Education (OAE). Professional staff will evaluate the request with required documentation, recommend reasonable accommodations, and prepare an Accommodation Letter for faculty. Unless the student has a temporary disability, Accommodation letters are issued for the entire academic year. Students should contact the OAE as soon as possible since timely notice is needed to coordinate accommodations. The OAE is located at 563 Salvatierra Walk (phone: 650-723-1066, URL: <https://oae.stanford.edu/>)

Course Schedule

	Date	Subject	Assignment
1	Wed, Sep 27	The Central Idea of Economics	Ch 1
		Observing and Explaining the Economy	Ch 2
		Read Chapter 7.2: A Double Auction Market	
	Thu, Fri, Sep 28-29 Teaching Assistants	Live Markets: Double Auctions	
2	Mon, Oct 2,	Supply, Demand, and Market Equilibrium	Ch 3
		Subtleties of Supply and Demand	Ch 4
3	Wed, Oct 4,	Demand Curve	Ch 5
		Supply curve	Ch 6
	Thu, Fri, Oct 5-6 Teaching Assistants	Discussion Section	Problem set 1
4	Mon, Oct 9	Efficiency of Markets	Ch 7
		Costs and the Changes at Firms over Time	Ch 8
5	Wed, Oct 11	Rise and fall of Industries	Ch 9
		Monopoly	Ch 10
	Thu, Fri, Oct 12-13 Teaching Assistants	Discussion Section	Problem set 2
6	Mon, Oct 16	Product Differentiation and Oligopoly	Ch 11
		Antitrust Policy and Regulation	Ch 12
7	Wed, Oct 18	Labor Markets	Ch 13
		Taxes, Transfers, Income Distribution	Ch 14

	Date	Subject	Assignment
	Thu, Fri, Oct 19-20 Teaching Assistants	Discussion Section	Problem set 3
	Mon, Oct 23 Test Date	1 st Test	
8	Wed, Oct 25	Public Goods, Externalities, Gov. Behavior	Ch 15
		Markets for Physical Capital	Ch 16
	Thu, Fri, Oct 26,27 Teaching Assistants	Discussion Section	Problem set 4
9	Mon, Oct 30	Financial Markets	Ch 16
		Macroeconomics: The Big picture	Ch 17
10	Wed, Nov 1	Measuring Production Income and Spending	Ch 18
		Spending Allocation Model	Ch 19
	Thu Fri Nov 2-3 Teaching Assistants	Discussion Section	Problem set 5
11	Mon, Nov 6	Employment and Unemployment	Ch 20
		Productivity and Economic Growth	Ch 21
12	Wed, Nov 8	Economic Growth Around the World	Ch 22
		Money and Inflation	Ch 23
	Thu, Fri, Nov 9-10 Teaching Assistants	Discussion Section	Problem set 6
	Mon, Nov 13 Test Date	2 nd Test	
13	Wed, Nov 15	The Nature of Economic Fluctuations	Ch 24
		The Economic Fluctuations Model	Ch 25
	Thu, Fri, Nov 16,17 Teaching Assistants	Discussion Section	Problem Set 7
14	Mon, Nov 27	The Economic Fluctuations Model	Ch 26
		Fiscal Policy	Ch 27
15	Wed, Nov 29	Monetary Policy I	Ch 28
		Monetary Policy II	Ch 28
	Thu, Fri, N 30 De 1 Teaching Assistants	Discussion Section	Problem set 8
16	Mon, Dec 4	The Gains from International Trade	Ch 29
		Trade Policy	Ch 29
17	Wed, Dec 6	International Finance and Exchange Rates	Ch 30
		International Financial Policy	Ch 30
	Thu, Fri, Dec 7,8 Teaching Assistants	Discussion Section	Problem set 9
	Thu, Dec 14 8:30 am - 11:30 am	Final Exam	