

Aalto University School of Business
Department of Economics
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Principles of Economics I

Syllabus

This course is a first introduction into the topics covered in economics and the methods used in their analysis. Principles of Economics I concentrates on individual economic decisions, in particular consumers and firms. It also provides a first look into decision making in social settings and a first look at competitive market behavior. Principles of Economics II will cover aggregate economic phenomena and topics in public policy.

The course has 12 lectures and 5 review sessions (in all weeks but the first one) where you cover weekly problem sets and also the material covered in class. The textbook for the course is *The Economy* by the Core Team. It is electronically available at

<https://core-econ.org/the-economy/?lang=en>

and a textbook version of it is also available for purchase from the same site. I see no particular reason for opting for the printed version. A lot of the material can also be found in an alternative somewhat shorter book on the same main site, *Economy, Society and Public Policy* (ESPP) that may give you another angle at any topic that you find hard to follow in the main textbook.

Lecture slides are made available in general the day before the lecture. In order to make the most of the lectures, I strongly recommend you to take a look at the relevant chapter in the textbook before the lecture. This gives you the best chance to ask questions on any topics that you did not understand. Active participation and asking questions in the lectures is also strongly encouraged. We go slightly deeper into selected topics from the textbook and some extensions of the main themes in the lectures and in the problem sets.

The final grade in the course is based on a final examination (80%) and exercises (20%). As in all economics courses, the exercises are the most important part of the course. You are encouraged to work in groups when solving the exercises but each student should submit her own individual answer to each problem set. Graduate student Claudia Troccoli (claudia.troccoli@aalto.fi) conducts the review sessions and she is also available to help you with any questions regarding the problem sets. Class participation is voluntary but participation in predetermined class-room activity is rewarded in final grading as extra credit. For example, if there is a reading assignment for the lecture, presentations of the assignment constitute such activity. Or, there can be a quiz on the assignment. A student whose class contribution is excellent is someone who contributes consistently to class discussion in a balanced and relevant manner allowing room for others' input as well. The student indicates preparation and analytic insight.

Here is the planned schedule for topics to be covered in the lectures. I reserve the right to small modifications if needed. The chapter mentioned in the schedule refers to the relevant chapter in *The Economy*.

Schedule of Lectures:

- Lecture 1: Introduction, Comparative advantage. Unit 1
- Lecture 2-3: Scarcity and Choice. Unit 3.
- Lectures 4-5: Social Interactions. Unit 4.
- Lecture 6: Surplus and Conflict. Unit 5.
- Lecture 7-8: The Firm. Units 6-7.
- Lectures 9-10: Competitive Markets. Units 8 and 11.
- Lecture 11: Banks, Money and Credit Markets. Unit 10.
- Lecture 12: Recap. Chapters 1-11.

Additional readings will be indicated during the course.