

ECONOMICS 1: INTRODUCTION TO ECONOMICS

Lecture: MW 10:10 - 11:00 a.m., Wheeler Auditorium
Course website: <http://socs.berkeley.edu/~olney/spring08/econ1/>

This syllabus is the contract between you and me. Please read it carefully. "I didn't read the syllabus" is not an acceptable excuse for missing an exam, overlooking a reading, skipping a problem set, and so on.

Prof. Olney

This is an introductory course in economic principles. The course covers both microeconomics and macroeconomics. Topics include: economic modeling; allocation of resources; firm decision-making; imperfect competition; economic analysis of unemployment, inflation, and economic growth; the role of government in the domestic economy; international trade and finance; and U.S. economic policies of the last quarter century. Primary emphasis is placed upon acquiring skills with which to analyze current economic issues.

Professor's Office Hours

Professor Martha Olney, 691 Evans Hall, (510) 642-6083, MOlney@econ.berkeley.edu
Drop in: Mondays, 11:30 a.m. - 1:00 p.m., Thursdays 9:30 - 10:30 a.m. Other times by appointment.

Head GSI's Office Hours

Fontane Ma, 508-2 Evans Hall, (510) 642-4629, fontane_ma@yahoo.com
Drop in: **Weeks 1 & 2:** daily, 12:00 - 2:00 p.m.
Weeks 3 and beyond: Tuesdays, 1:00 - 3:00. Other times by appointment.

Adding the Course

The department relies completely on TeleBears for enrollment purposes. To add the course, first check the online schedule of classes (<http://schedule.berkeley.edu/srchsprg.html>) to see which sections have space and then access TeleBEARS. Your chances are better if you choose a section that is underenrolled. If you are already on the waiting list but want to change your section choice, access TeleBEARS and use the change section option. **Do not drop yourself from the course wait list, or you'll lose your place "in line." Simply change sections.** See Head GSI Fontane Ma (508-2 Evans, Fontane_Ma@yahoo.com) GSI Coordinator Jeff Butler (508-2 Evans, HeadGSI@econ.berkeley.edu) or Econ Undergrad Advisor Jenny Cornet (543 Evans, Jenny@econ.berkeley.edu) for assistance.

Discussion Section

Section meets two hours per week. GSI's will announce their office hours in section. *During the first week of classes, you must first attend the section to which you were assigned by TeleBEARS as of Friday night January 18. If you do not attend that section at least once during the first week, you will be removed from the class.* If you have changed section, attend the new section thereafter. GSI assignments and email addresses for GSI's are on the course website. GSI assignments are subject to change.

Discussion sections will be run on the small group format, with work to be completed in groups each day. 10% of your course grade (50 points) will depend upon your participation in section. You are required to do three things. [1] In each lecture, an exercise will be distributed. You are to complete the exercise and take it to section where your GSI will check to be sure it has been completed. (20 points possible) [2] Twice during the term, you will make a 2-3 minute oral presentation on a news article you have recently located, summarizing the article and stating in one sentence the link between the article and what we are covering in Economics 1. (10 points possible) [3] Each section, you will do small group work on problems and/or reader questions. (20 points possible)

Textbooks and Other Materials

Required: Karl Case and Ray Fair, *Principles of Economics*, 8th ed., 2007.

Required: Economics 1 Class Reader, Available from Copy Central, Bancroft Way.

Required: Regular reading of a first-rate news source (print or online version).

Optional: Study Guides to Accompany *Principles of Macroeconomics*, and *Principles of Microeconomics*, 2007.
(Study Guides can also be accessed online with an access code purchased at the bookstore.)

Letter of Introduction

For your second section meeting, please write a typed or handwritten one-page letter of introduction of yourself to your GSI. Include your name and anything about yourself that you would like to share. Please include a photo of yourself, as this will help your GSI learn your name. The paper will not be graded nor returned.

Contacting You

Prof. Olney and the GSIs will use your Bear Facts email address. Be sure your email address registered with the University is correct, your spam filters are not set too tight, and that your inbox is not full. Emails sent by Prof. Olney and Head GSI Fontane Ma are archived at <http://bspace.berkeley.edu>

All announcements are sent by email. Some announcements contain links to additional readings from current news sources. These readings are to be considered *required* assigned readings for the course.

Responsibilities — Mine and Yours — and Course Requirements

My (Prof. Olney) responsibilities are to come to class prepared; respond to and encourage questions and other appropriate class participation insofar as class size permits; oversee grading of problem sets and exams; be available during office hours and for scheduled appointments; and stimulate an enthusiasm for economics and for learning.

Your responsibilities are to attend and participate in lecture two hours per week; attend and participate in section two hours per week; complete the assigned readings in a timely manner (allowing time to re-read difficult chapters); complete all assignments on time; and take two in-class midterms and a comprehensive final.

Discussion section is important. Lectures move quickly. We typically cover an entire chapter in one 50-minute lecture. Section with your GSI is a key part of learning the material. Your active participation in section will enhance your understanding of the course material, which will be helpful on problem sets and exams. 10% of your course grade is based on your attendance and participation in section.

Your course grade will be based on your performance on a comprehensive final, two midterm exams, completion of five problem sets, and attendance and participation in section. You must pass the final in order to pass this course. Exams cover material from lecture, section, and the assigned readings. The weights that will be used to compute your total point score (from which a letter grade will be determined) and the exam dates are below.

Due Dates and Share of Total Points

Assignment	Date	Percent of Grade
Section Participation	Throughout term	10 %
Five Problem Sets	As Noted Below	10 %
Midterm #1	Wednesday, March 5	20 %
Midterm #2	Wednesday, April 23	20 %
Final Exam	Thursday, May 15, 5 - 8 p.m.	40 %

Exams

Midterm #1 will be held Wednesday, March 5, 10:10 - 11:00 am. in Wheeler Auditorium (and additional rooms). Midterm #1 will cover the material presented in lecture, section, and the assigned readings up to and including Monday, March 3. Midterm #2 will be held Wednesday, April 23, 10:10 - 11:00 am. in Wheeler Auditorium (and additional rooms). Midterm #2 will cover the material presented in lecture, section, and the assigned readings since the first midterm and up to and including Monday, April 21. The final examination will be comprehensive and will cover all material presented in lecture, section, and the assigned readings.

Make-up Midterm Exam Policy

There are no scheduled make-up exams. Students who miss a midterm **must** contact the Head GSI Fontane Ma by phone (642-4629) **and** email (fontane_ma@yahoo.com) before 10:00 a.m. on the day of the midterm. Excuses must be submitted to the Head GSI Fontane Ma. Those who have an excuse meeting University standards will be required

to complete an additional assignment. If it is completed successfully, the other exams will be weighted proportionately more. Students who fail to contact the Head GSI, do not have an acceptable excuse, or do not complete the alternative assignment successfully will receive a zero on the midterm.

Make-up Final Exam Policy

There is no make-up final. If you miss the final with an excuse meeting University standards, you will take the final with the other Econ 1 students at the end of Summer 2008 or Fall 2008. ***If you cannot take the final at the scheduled time, do not take this course!***

Problem Sets

There will be five problem sets distributed in lecture that you are to write answers to and submit to your GSI. Problem sets will be handed out in lecture and posted on the course website. They will be due in section as indicated below. Problem sets are worth 10 points each. Late problem sets lose 5 points per day (or part thereof). Weekend days count. So if your problem set is due on Tuesday and you turn it in on Thursday, or if it is due on Thursday and you turn it in on Monday, you get a zero. You may work with other students on the problem sets, *but the written answers must be in your own words*. You may not prepare “group answers.” If you copy someone else’s answer, that is cheating. If your problem set is the same as someone else’s problem set, in whole or in part, you both receive a zero (0) regardless of who did the work and who copied. ***Your GSI is not responsible for problem sets that are not turned in during section. Problem sets placed into a GSI’s box may be stolen. Stolen problem sets receive a zero (0).***

Problem Set #1 Due first section, week of February 11
Problem Set #2 Due first section, week of February 25
Problem Set #3 Due second section, week of March 17
Problem Set #4 Due first section, week of April 14
Problem Set #5 Due second section, week of May 5

Grading of Exams

All exams are short answer, problems, and essay questions. Sample exams are on the course website. Look at them . . . soon. Answers are graded solely upon their content and not upon their intent. This means that we don't grade what you “mean to say” but what you actually write (even if you “knew the answer but just couldn't say it right”). This also means that answers that are illegible, rambling, or poorly organized will not receive high marks.

Your work will be graded by your graduate student instructor. Care is taken to ensure that the same quality of work will, at the end of the term, receive the same letter grade, regardless of who graded the work. There is no pre-set or common scale whereby a certain number of points corresponds to a certain letter grade.

There is no fixed curve for this course dictating what share of students will receive what letter grade. It is theoretically possible for everyone to earn an A. It is equally possible for everyone to earn a C. Even though there is no fixed curve, grade distributions are reasonably stable over time. Past performance of students in Economics 1 indicates that about 20-25 percent of the class will receive an A of some sort, about 30-35 percent will receive a B of some sort, and the remainder will receive C's or below.

This course can be taken Pass/Not Pass if you are otherwise free to do so. P/NP students are expected to do the same work as other students and will receive scores on all assignments. If the course grade is a C- or better, a P/NP student will receive a Pass. P/NP students must take the final in order to pass the course.

Academic Honesty Policy

In fairness to students who put in an honest effort, cheaters will be harshly treated. Any evidence of cheating will result in a score of zero (0) on that assignment or examination. Cheating on the final exam results in an “F” for the course. Cheating includes but is not limited to bringing notes or written or electronic materials into an exam, using notes or written or electronic materials during an exam, copying off another person's exam or assignment, allowing someone to copy off of your exam or assignment, and having someone take an exam or assignment for you. Incidences of cheating are reported to Student Judicial Affairs, which administers additional punishment.

Fire Alarm Policy

A truly annoying bad habit at UCB is the pulling of fire alarms by ill-prepared and selfish students who foolishly think their entire future rests on the grade on one midterm. This is a felony crime, punishable by a fine and time in jail. In addition, anyone caught pulling the alarm will fail the course and is subject to expulsion from the University. If the alarm is pulled during an exam, the class will move outside and finish the exam in the allotted time. In this event, follow the instructions of the GSIs.

Special Accommodations

If you require special accommodations for exams or lecture due to learning or other disability, please speak with Head GSI Fontane Ma **by January 30**. You will ultimately need to obtain the evaluation form from Disabled Students' Program (<http://dsp.berkeley.edu>, 230 César Chávez Center) which they will send electronically to Professor Olney.

Course Outline and Reading Assignments

Reading assignments are below. All "Chapter" assignments are from Case and Fair, *Principles of Economics*, 8th ed. If you bought an earlier edition, you are responsible for figuring out the corresponding page numbers in that edition. Read the entire chapter, unless pages are indicated. OMIT the appendix except for Chapter 1 or when page assignments are from the appendix. All "Reader" assignments are from the reader available at Copy Central.

Wednesday, January 23	Organization of Course; Overview; Introduction to Economic Models READ: Chapter 1, including appendix Reader #1, "Subprime Mortgages: A Primer,"
Monday, January 28	Production Possibilities Frontier; Opportunity Cost; Comparative Advantage READ: Chapter 2 Reader #2, "Malnutrition is Cheating Its Survivors"
Wednesday, January 30	Gains from Trade; Economic Systems READ: Reader #3, "Prenuptial Jitters"
Monday, February 4	Model of Supply and Demand READ: Chapter 3
Wednesday, February 6 Gung Hay Fat Choy!	Model of Supply and Demand, continued READ: Chapter 4 (pp. 77-85) Reader #4, "Why the Era of Cheap Food is Over"
Monday, February 11 PS #1 due, 1st section	Consumer Surplus READ: Chapter 4 (pp. 86 - end) Reader #5, "In Praise of Price Gouging" Reader #6, "99-cent Pricing Hooks Shoppers"
Wednesday, February 13	Elasticity; Short-Run Profit-Maximization Decisions READ: Chapter 5 (skip pp. 100-103); Chapter 7 Reader #7, "Is Smoking Delayed Smoking Averted?" Reader #8, "I Like a Tipple as Much as Anyone Else"
Monday, February 18	President's Day Holiday (no lecture, section, or office hours)
Wednesday, February 20	Marginal Cost and Marginal Revenue READ: Chapter 8 Reader #9, "New Tax Policy May Put Cigarette Firms..."
Monday, February 25 PS #2 due, 1st section	Supply Curve; Short- and Long-Run Decisions READ: Chapter 9 (focus on pp. 187-194; skim rest) Reader #10, "Christmas House's Future is Iffy"

Wednesday, February 27	Derived Demand for Labor READ: Chapter 10 (pp. 211-221 only) Reader #11, "Career and Marriage in the Age of the Pill" Reader #12, "Sticks and Stones Can Break Bones . . ."
Monday, March 3	Externalities READ: Chapter 12 (pp. 265 & 266) Chapter 15 (pp. 327-338) Reader #13, "The Fight for Classroom Attention"
Wed. , March 5	MIDTERM EXAMINATION #1 Locations to be announced on course website & via email
Monday, March 10	Monopoly READ: Chapter 13 (pp. 271-288)
Wednesday, March 12	Monopolistic Competition READ: Chapter 14 (pp. 301-310) Reader #14, "The Lemongrass War"
Monday, March 17	Income Distribution and Redistribution READ: Chapter 16 (pp. 355-369) Reader #15, "The Real Marriage Penalty" Reader #16, "Special Report: The Rich, the Poor and the Growing Gap Between Them - Inequality in America"
Wednesday, March 19 PS #3 due, 2nd section	Overview of Macroeconomics; Measurement of Total Output (GDP) READ: Chapter 18 (omit pp. 409-410 about AS/AD Model) Chapter 19 (skip pp. 424 & 425)
Monday, March 31	Unemployment and Inflation READ: Chapter 20 (skip pp. 436 & 437) Reader #17, "Plight Deepens For Black Men, Studies Warn" Reader #18, "To Other Economic Warnings, Add Inflation"
Wednesday, April 2	Aggregate Expenditures; Equilibrium Output READ: Chapter 21
Monday, April 7	Multipliers, including Fiscal Policy Multiplier READ: Chapter 22 (pp. 479-488)
Wednesday, April 9	Interest Rates and Investment Spending READ: Chapter 11 (pp. 240-end) Chapter 25 (pp. 544-546, and 554-end) Reader #19, "Mexican Housing Markets Boom"
Monday, April 14 PS #4 due, 1st section	Phillips Curve, Federal Reserve Monetary Policy READ: Chapter 23 (pp. 512-513 and 518-521) Reader #20, "The Fed's Monetary Policy, Inflation and Unemployment "
Wednesday, April 16	Recession, Inflation: What's the Fed to Do? READ: Chapter 24 (pp. 539-540) and Chapter 28 (pp. 603-613) Reader #21, "Economists Fret About Rerun of That 70's Show"

Monday, April 21
Happy Passover!

Policy Issues
READ: Reader #22, "Subprime Bailout"
Reader #23, "The Menace of an Unchecked Housing Bubble"

Wed., April 23

MIDTERM EXAMINATION #2
Locations to be announced on course website & via email

Monday, April 28

International Trade
READ: Chapter 33 (pp. 699-700, and 713 - end)

Wednesday, April 30

Open Economy Macroeconomics
READ: Chapter 34

Monday, May 5

Government Deficits and Debt; Social Security and Medicare
READ: Chapter 16 (pp. 370-373), Chapter 22 (pp. 490-end), and Chapter
28 (pp. 613-end)
Reader #24, "Will Aging Boomers Lose Benefits?"
Reader #25, "Medicare Meltdown"

Wednesday, May 7
PS #5 due, 2nd section

Long-Run Economic Growth; Productivity Growth Patterns
READ: Chapter 31
Reader #26, "The Importance of Education"
Reader #27, "Acting White"

Monday, May 12

Concluding Remarks

Thursday, May 15
5:00 - 8:00 p.m.

FINAL EXAMINATION
Haas Pavilion (basketball court)