

ECONOMICS 1: INTRODUCTION TO ECONOMICS

Lecture: MW 11:10 a.m. - 12:00 noon, Wheeler Auditorium

Course website: <http://www.econ.berkeley.edu/~olney/spring09/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.

As part of Berkeley's Undergraduate Student Learning Initiative (USLI), the Economics Department has developed learning goals for the Economics major. See http://emlab.berkeley.edu/econ/ugrad/ugrad_goals.shtml. The specific learning goals which this course aims to achieve are: understand everyday economic problems; use economic theory to understand and evaluate policy proposals; solve problems with clear solutions; communicate effectively about economic issues; understand the economic news.

Professor's Office Hours

Professor Martha Olney, 691 Evans Hall, (510) 642-6083, Olney@econ.berkeley.edu

Drop in: Mondays 12:30 p.m. - 1:30 p.m., Tuesdays 3:00 - 4:15 p.m. Other times by appointment.

Head GSI's Office Hours

Maylin Jue, 508-2 Evans Hall, (510) 642-4629, mjue.econ1@gmail.com

Drop in: **Week 1:** Tu 11 a.m. - 2 p.m.; W 8-10 a.m. and 2-4 p.m.; Th 8-10 a.m. and 12-1 p.m.

Week 2: M 8-10 a.m. and 2-4 p.m., TuTh 8-10 a.m. and 12-1 p.m.

Week 3 and beyond: MW 9:30-10:30 a.m.

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>) 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 Maylin Jue (508-2 Evans, Mjue.econ1@gmail.com), GSI Coordinator Juan Carlos Suarez Serrato (508-2 Evans, HeadGSI@econ.berkeley.edu) or Econ Undergrad Advisor Jenny Cornet (543 Evans, Jenny@econ.berkeley.edu) for assistance.

Textbooks and Other Materials

Required: Karl Case, Ray Fair, and Sharon Oster, *Principles of Economics*, 9th ed., 2009.

Required: Purchase of an iClicker

Required: Economics 1 Class Reader, Available from Copy Central, Bancroft Way. (Or download)

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

Optional: Olney, Martha L. *Microeconomics as a Second Language*. Wiley, 2009.

Contacting You

Prof. Olney and the GSIs will use your bSpace 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 Maylin Jue 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.

Letter of Introduction

For your second section meeting, please write a 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.

Discussion Section

Section meets two hours per week. You must attend the section to which you are assigned by Telebears as of January 19. If you do not attend at least one of your assigned discussion sections by Monday January 26 and do not contact your GSI and/or Head GSI Maylin Jue, you will be removed from the class. GSI assignments, email addresses, and office hours 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 the next section following lecture where your GSI will check to be sure it has been completed. (20 points possible)

[2] Twice during the term, you and a partner will make an oral presentation based on a news article you have recently located, summarizing the article and stating the link between the article and what we are covering in Economics 1. The presentations will be made in pairs determined in section. At least 48 hours before section, the article (or a link to it) and two discussion questions should be emailed to your GSI who will forward the article to everyone in your section. One person in your team will present the article; the other person will lead the discussion.

Time allotted for each presentation and discussion period will be 10 minutes. Therefore, your presentation of the article should be no more than 1-2 minutes in length. You will be graded on your ability to engage your classmates in a discussion as well as on the connection to and relevancy of the article to concepts covered in our class. (10 points possible)

[3] Each section, you will do small group work on problems and/or reader questions. (20 points possible)

Responsibilities — Mine and Yours — and Course Requirements

My (Prof. Olney) responsibilities are to come to class prepared; respond to and encourage questions and other 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; bring your iClicker to lecture; 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, use of iClicker, and participation in section. You must take 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.

Special Accommodations

If you require special accommodations for exams or lecture due to learning or other disability, please speak with Head GSI Maylin Jue **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.

Laptop Policy

No laptops are allowed in lecture unless required to accommodate physical or other disability. Tablet PCs are ok.

Announcements Policy

No announcements are made in lecture. All announcements are sent by email and archived at bspace. If you would like to submit a written announcement that can be emailed to all Econ 1 students, you should send it to Prof. Olney. Include a student name and contact info in the announcement. Prof. Olney reserves the right to edit all submitted announcements and to determine whether the announcement is relevant to Econ 1.

Due Dates and Share of Total Points

Assignment	Date	Percent of Grade
Section Participation	Throughout term	10 %
Five Problem Sets & iClicker	As Noted Below	10 %
Midterm #1	Wednesday, February 25	20 %
Midterm #2	Wednesday, April 15	20 %
Final Exam	Thursday, May 14, 5 - 8 p.m.	40 %

Exams

Midterm #1 will be held Wednesday, February 25, 11:10 - 12:00 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, Feb. 23. Midterm #2 will be held Wednesday, April 15, 11:10 - 12:00 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 13. 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 Maylin Jue by phone (642-4629) **and** email (mjue.econ1@gmail.com) before 11:00 a.m. on the day of the midterm. Excuses must be submitted to the Head GSI Maylin Jue. 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 2009 or Fall 2009. ***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 partial day). 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. If it is due Tuesday at 2:10 and you turn it in Tuesday at 5:00, you lose 5 points. 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 9
Problem Set #2 Due first section, week of February 23
Problem Set #3 Due first section, week of March 16
Problem Set #4 Due second section, week of April 6
Problem Set #5 Due first section, week of May 4

iClickers

Each day in lecture there will be some questions for you to answer with your iClicker. If you answer more than half of that day's questions, you earn 1/2 point. It doesn't matter whether or not your answer is "correct." iClicker points can be used to make up for missed points on problem sets. For example, if you earn 43 points on problem sets, you can use 7 of your iClicker points to bring that up to the maximum of 50 points. The maximum number of points you can use from iClicker participation is 10 points.

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.

Course Outline and Reading Assignments

Reading assignments are below. All "Chapter" assignments are from Case, Fair, and Oster, *Principles of Economics*, 9th 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. Reader contents are also listed on the course webpage.

Wednesday, January 21	Organization of Course; Overview; Today's Economy & the Fed READ: Chapter 1, including appendix Chapter 23 (pp. 503-506) Chapter 26 (pp. 528-529) Reader #1, "Subprime Mortgages: A Primer," Reader #2, "Great American Shopper Hits a Wall"
Monday, January 26 Gung Hay Fat Choy!	Introduction to Economic Models; Production Possibilities Frontier; Opportunity Cost READ: Chapter 2 Reader #3, "Malnutrition is Cheating Its Survivors" Reader #4, "The \$2 Trillion Nightmare"
Wednesday, January 28	Comparative Advantage; Gains from Trade READ: Chapter 34 (pp. 667-672) Reader #5, "Prenuptial Jitters"
Monday, February 2	Economic Systems; Model of Supply and Demand READ: Chapter 3 (pp. 45-56)

Wednesday, February 4	Model of Supply and Demand, continued READ: Chapter 3 (pp. 57-end) Chapter 4 (pp. 73-79) Reader #6, "Food Prices are Rising Worldwide" Reader #7, "Inaugural Tickets Scalped on Craigslist"
Monday, February 9 PS #1 due, 1st section	Demand & Supply Examples; Consumer Surplus READ: Chapter 4 (pp. 81-end) Reader #8, "How Fuel Subsidies Drag Down a Nation" Reader #9, "In Praise of Price Gouging"
Wednesday, February 11	Elasticity; Short-Run Profit-Maximization Decisions READ: Chapter 5 (skip pp. 93-96, "Calculating Elasticities") Chapter 7 Reader #10, "Mac and Cheese Sales Spike" Reader #11, "Americans Start to Curb Their Thirst for Gasoline"
Monday, February 16	President's Day Holiday (no lecture, section, or office hours)
Wednesday, February 18	Marginal Cost and Marginal Revenue READ: Chapter 8 (skip pp. 170-171)
Monday, February 23 PS #2 due, 1st section	Supply Curve; Why Profit = 0 in the Long Run READ: Chapter 9 (pp. 177-184) Chapter 12 (pp. 242-246) Reader #12, "Café Strikes Out on Insurance"
Wednesday, February 25	MIDTERM EXAMINATION #1 Locations to be announced on course website & via email
Monday, March 2	Monopoly READ: Chapter 13 (pp. 261-273)
Wednesday, March 4	Monopolistic Competition; Externalities READ: Chapter 15 (pp. 303-304 & 313-316) Chapter 12 (pp. 256-257) Chapter 16 (pp. 319-332) Reader #13, "The Lemongrass War"
Monday, March 9 Did you change your clock?	Externalities, continued; Asymmetric Information READ: Chapter 17 (pp. 349-end) Reader #14, "I Like a Tipple as Much as Anyone Else" Reader #15, "The Fight for Classroom Attention"
Wednesday, March 11	Income Distribution and Redistribution READ: Chapter 10 (pp. 205 and 211) Chapter 18 (pp. 359-372) Reader #16, "Study Spotlights Bleak Effects of Poverty" Reader #17, "Income Inequality, Writ Larger"
Monday, March 16 PS #3 due, 1st section	Overview of Macroeconomics READ: Chapter 20 Reader #18, "The Menace of an Unchecked Housing Bubble"
Wednesday, March 18	Measurement of Total Output (GDP) READ: Chapter 21 (skip pp. 423 & 424, "The Income Approach")
Monday, March 30	Unemployment, Inflation and Growth READ: Chapter 22 Reader #19, "Luxury Prices are Falling" Reader #20, "Plight Deepens For Black Men, Studies Warn"

Wednesday, April 1	Aggregate Expenditures; Equilibrium Output READ: Chapter 23
Monday, April 6	Multipliers, including Fiscal Policy Multiplier READ: Chapter 24 (pp. 471-480) Reader #21, "Is Government Spending Too Easy an Answer?"
Wednesday, April 8 PS #4 due, 2nd section	Markets and Investment Spending READ: Chapter 11 Chapter 27 (pp. 531-534) Chapter 30 (pp. 597-600) Reader #22, "Mexican Housing Markets Boom"
Monday, April 13	Catch up; Review; Current Events READ: New articles will be sent via email
Wednesday, April 15	MIDTERM EXAMINATION #2 Locations to be announced on course website & via email
Monday, April 20	International Trade READ: Chapter 34 (pp. 665-666, and 674-end) Reader #23, "Crisis-hit Iceland Sees its Future in Fish"
Wednesday, April 22	Open Economy Macroeconomics READ: Chapter 35
Monday, April 27	Inflation, Phillips Curve, and the Federal Reserve READ: Chapter 25 (pp. 509-511) Chapter 29 (pp. 580-583, ignore "AS/AD" references) New Olney Chapter will be posted on bSpace
Wednesday, April 29	Monetary Policy READ: Chapter 26 (pp. 528-529) Chapter 28 (pp. 562-end) Chapter 30 (pp. 589-593) New article will be sent via email
Monday, May 4 PS #5 due, 1st section	Policy Choices Today READ: Chapter 18 (pp. 372-end) Chapter 24 (pp. 481-end) Chapter 30 (pp. 593-597) New articles will be sent via email
Wednesday, May 6	Long-Run Economic Growth; Productivity Growth Patterns READ: Chapter 32 Reader #24, "The Importance of Education" Reader #25, "Acting White"
Monday, May 11	Concluding Remarks
Thursday, May 14 5:00 - 8:00 p.m.	FINAL EXAMINATION