

**Economics 1**

**Introduction to Economics**

**Course Objective**

The goal of Economics 1 is to give you a basic foundation in the principles and tools of microeconomic and macroeconomic analysis.

**Course Text**


**Lectures**

Monday & Wednesday from 10am-12pm, with a 10 minute break at 11am.

**Course Enrollment**

Attendance will be taken in section for the **First Week** of classes. If you are enrolled, this will enable you to keep your enrollment status. If you are on waitlist status, this will give you priority for enrollment. It is your responsibility to know about University summer session policies on add/drop, refunds, etc. See [http://www-summer.berkeley.edu](http://www-summer.berkeley.edu).

**Requirements for Course Grade**

Please keep this syllabus handy and refer to it regularly. Attend lectures and sections, and complete the required reading, problem sets and exams.

<table>
<thead>
<tr>
<th>Points</th>
<th>Score Weight</th>
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<tbody>
<tr>
<td>Problem Sets</td>
<td>40</td>
</tr>
<tr>
<td>Midterm 1</td>
<td>100</td>
</tr>
<tr>
<td>Midterm 2</td>
<td>100</td>
</tr>
<tr>
<td>Final Exam</td>
<td>160</td>
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You may take the course on a Pass/No Pass basis. C- is required for Pass. If you wish to audit the course, please inform us.

**Instructor’s Contact Information**

<table>
<thead>
<tr>
<th>Name</th>
<th>Office</th>
<th>Office Hours</th>
<th>Phone Number</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAYA SIL</td>
<td>651 Evans</td>
<td>Monday &amp; Wednesday 1-2pm</td>
<td>642-7284</td>
<td><a href="mailto:jaya@econ.berkeley.edu">jaya@econ.berkeley.edu</a></td>
</tr>
</tbody>
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**Course web site URL**  
[http://elsa.berkeley.edu/~jaya/econ1_summer03.shtml](http://elsa.berkeley.edu/~jaya/econ1_summer03.shtml)

*: Or, go to the Economics Department Home Page [http://econ.berkeley.edu](http://econ.berkeley.edu) and click on Course Pages at the top navigation bar.
Course Calendar: Important Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 2</td>
<td>Problem Set 1 Due</td>
<td></td>
</tr>
<tr>
<td>July 9</td>
<td>Problem Set 2 Due</td>
<td></td>
</tr>
<tr>
<td>July 14</td>
<td>Midterm 1</td>
<td>10am-11:30am, 145 Dwinelle</td>
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<tr>
<td>July 23</td>
<td>Problem Set 3 Due</td>
<td></td>
</tr>
<tr>
<td>July 30</td>
<td>Problem Set 4 Due</td>
<td></td>
</tr>
<tr>
<td>August 4</td>
<td>Midterm 2</td>
<td>10am-11:30am, 145 Dwinelle</td>
</tr>
<tr>
<td>August 6</td>
<td>Problem Set 5 Due</td>
<td></td>
</tr>
<tr>
<td>August 13</td>
<td>Final Exam</td>
<td>10am-12pm, 145 Dwinelle</td>
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NOTE: Problem sets are due at the start of lecture. GSIs will collect the problem sets in envelopes marked with your GSI’s name. GSIs are not responsible for problem sets placed in mailboxes.

Course Administration

Exam Policy

There are no make up exams. If you have a conflict with the final exam date, please take Economics 1 next semester. Midterm and final exams will cover required reading and material covered in lectures, sections and problem sets.

If you need to be excused from a midterm exam for a reason that meets University standards, please inform us as soon as possible and certainly no later than 48 hours after the scheduled exam. You will need to submit official documentation giving the reason for your absence and score weights will be adjusted accordingly.

Grading

Exams are graded by GSIs as a team. If you think a question has been incorrectly graded, submit the exam with a written explanation to your GSI (within 2 days of getting back your exam). The exam will be given to the GSI who graded the question under concern.

Problem sets are worth 10 points each and are graded by your GSI. Only the best 4 out of 5 scores will be used in calculating your final course grade. Answer keys will be available online at the course web site shortly after the due date.

Sections

Attendance will be taken the during first week of classes only. GSIs will use section time to: (i) present problems which help to further comprehension of course material; (ii) present new material (not presented in lecture); (iii) go over selected homework problems; (iv) review for exams; and, (v) go over exams.

Academic Honesty & Fire Alarm Policy

Our aim is to ensure that each of you is evaluated in a fair and honest manner. Therefore, we are very serious and very strict about academic honesty & fire alarm policies. In the event a fire alarm is pulled during an exam, collect your belongings and
take the exam on the East steps outside the main entrance to Dwinelle Hall. All students are held accountable for their actions according to the University’s Student Code of Conduct.

**Special Accommodation**

If you have a need for a special accommodation, such as one authorized by the DSL program, please submit your forms with stated requirements to your GSI by June 30.

**Course Web Site**

The course web site URL is [http://elsa.berkeley.edu/~jaya/econ1_summer03.shtml](http://elsa.berkeley.edu/~jaya/econ1_summer03.shtml). Please check the web site regularly.

Lecture slides and Notes (which supplement the readings) will be available online about 2 days prior to lecture at the course web site. On occasion, handouts may be given in lecture, as appropriate. Problems sets and other important course materials and information (eg. GSI OH) will be available online as well.

A few paper copies of selected items posted online will be made available on the shelf outside 508-2 Evans, for those who do not have web access. Please inform us immediately if you expect to have difficulty with web access.

**Course Calendar: Lecture Topics & Reading**

The order of topics does not always follow the text exactly. As a general rule, always read the chapter introduction in addition to the specific pages listed in parentheses. If no pages are given, read the whole chapter.

In some cases, as noted below, Notes based on relevant parts of the text, supplement the required text pages. I do this when I have to combine many different parts of the text or to supplement the text material.

**WEEK 1**

**Course Overview & Introduction to Core Principles**

Monday, June 23  
Lecture 1  
Overview of Course Content & Administration  
Scarcity & Opportunity Cost  
Chapters 1 (3-8), 2 (33-34, 37-39, 47-51) & 16 (401-4)

**Basic Model of Supply & Demand**

Wednesday, June 25  
Lecture 2  
Demand & Supply  
Chapter 3  
Elasticity  
Chapter 4
WEEK 2

Consumer & Firm Behavior

Monday, June 30  
Lecture 3  
Consumer Demand & Utility Maximization  
Chapter 5 (117-118, 120-9, 132-6)

Firm Supply & Profit Maximization  
Chapter 6 (141-157, 160-161)

Wednesday, July 2  
Lecture 4  
Perfectly Competitive Firm in the Long Run  
Chapter 8 (193-206)

Efficiency & Social Optimum  
Analysis of taxes, subsidies and price controls  
Chapter 7 (167-176, 182-187)

Happy July 4th !!!

WEEK 3

Departures from Perfect Competition

Monday, July 7  
Lecture 5  
Monopoly, Natural Monopoly & Price Discrimination  
Chapter 9 (221-238)

Strategic Behavior & Asymmetric Information  
Chapters 10 (251-260), 12 (309-311) & Notes

Factor Markets

Wednesday, July 9  
Lecture 6  
Labor and Capital  
Chapter 13 (328-336) & Notes

Market Imperfections

Wednesday, July 9  
Lecture 6  
Externalities & Public Goods  
Chapters 11 (277-291), 15 (373-384) & Notes

WEEK 4

Monday, July 14  
10am-11:30am  
Midterm Exam 1  
Covers course material from week 1 through week 3  
Sections cancelled afternoon Monday July 14 and all Tuesday, July 15
WEEK 4 (continued)

Role of Government

Wednesday, July 16  Natural Monopoly, Pollution, Redistribution
Lecture 7            Notes Only

Applied Microeconomic Analysis

Wednesday, July 16  Trade
Lecture 7            Chapter 16

WEEK 5

Overview of Macroeconomics

Monday, July 21     Output, Unemployment, Inflation
Lecture 8           Short Run vs Long Run Overview
                         Chapter 17 (Recap on 436, 437-8, 441-442) & Chapter 25

Measuring Economic Activity: GDP, Prices, Unemployment
                         Chapters 18 (449-460, 466-470), 19 (475-483) & Notes

Long Run

Monday, July 21     Growth, Productivity, Wages, Unemployment
Lecture 8           Chapters 20 (505-522), 21 (546-559) & Notes

Wednesday, July 23  Savings, Investment & Capital Formation
Lecture 9           Chapters 22, 24 (617-627) & Notes

WEEK 6

Short Run

Monday, July 28     Basic Keynesian Model
Lecture 10          Chapter 25 (review as necessary) & Chapter 26 (663-682) &
                         Chapter 26 Appendix A

Role of Government: Stabilization Policy

Monday, July 28     Fiscal Policy
Lecture 10          Chapter 26 (682-691)

Wednesday, July 30  Monetary Policy
Lecture 11          Chapter 23 & Chapter 27 & Chapter 27 Appendix
WEEK 7

Monday, August 4  Midterm Exam 2
10am-11:30am  Covers course material from week 5 and week 6 ONLY

Sections cancelled afternoon Monday, August 4 and all Tuesday, August 5

Inflation, Aggregate Demand & Aggregate Supply

Monday, August 4  Extension of Basic Keynesian Model
Lecture 12  Notes Only

International Macroeconomics

Wednesday, August 6  Exchange Rate & Monetary Policy
Lecture 12  Chapter 29

WEEK 8

Monday, August 11  Catch up & Review
Lecture 13

Wednesday, August 13  Final Exam
10am-12pm 145 Dwinelle

Covers Material From Week 1 through Week 8

Reading Tip

Although I have given specific pages for required reading, summer term moves very fast and you do have to keep up. Here is a tip you might use to help absorb the material. Read according to the following procedure.

First, read the introductory pages; the authors usually give a fun & interesting story. Second, read all the boxed Recaps within the required pages. Third, read all the margin definitions within the required pages. Fourth, read the required pages word for word, stopping to work through examples, etc. The problem sets will give you an opportunity to check your comprehension, prior to exams.