

## ECONOMICS 1: INTRODUCTION TO ECONOMICS (CCN: 22303)

Lecture: MW 12:10 - 1:00 p.m., Wheeler Auditorium

Course website: <http://www.econ.berkeley.edu/~olney/fall14/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

Econ 1 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 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](http://emlab.berkeley.edu/econ/ugrad/ugrad_goals.shtml). The specific learning goals for this course are: CT1, understand everyday economic problems; CT2, use economic theory to understand and evaluate policy proposals; PS1, solve problems with clear solutions; CS1, communicate effectively about economic issues; LL2, primary data sources; LL3, understand the economic news.

### **Professor's Office Hours**

Professor Martha Olney, 691 Evans Hall, (510) 642-6083, [Olney@berkeley.edu](mailto:Olney@berkeley.edu), twitter @MarthaOlney

Drop in: Wednesdays 1:30 - 2:30 p.m., Thursdays 2:30 - 4:00 p.m. Other times by appointment.

### **Head GSI's Office Hours:** Moon Parks, 548 Evans Hall, [headgsi.parks@gmail.com](mailto:headgsi.parks@gmail.com)

Drop in: Week of August 24: Mon, Tu and Wed, no hours; Thursday 12-5pm; Friday 9-1pm

Week of August 31: Tuesday 12-5pm; Wednesday 9-11:30am; Thursday 1:30-5pm; Friday 12-5pm

Week of Sept. 7: Monday 9-11:30am & 3-5pm; Tuesday 12-5pm; Wednesday 9-11:30am; Thursday 2-5pm

Week 4 and beyond: Tuesday 2-4pm

### **Honor Code**

The student community at UC Berkeley has adopted this Honor Code: "As a member of the UC Berkeley community, I act with honesty, integrity, and respect for others." Your Econ 1 instructors join you in pledging to adhere to this code.

### **Staying in the Course and Adding the Course**

You must initially attend the section to which you are assigned by Telebears as of August 27. If you do not attend your assigned discussion sections by Thursday, Sept. 4 and do not contact your GSI or Head GSI Moon Parks, you will be removed from the class. The department relies completely on TeleBears for enrollment purposes. To add the course, check the online schedule (<http://schedule.berkeley.edu>) to see which sections have space and then access TeleBEARS. If you are already on the waiting list but want to change your section choice, access TeleBEARS and choose the "change section" option. See Head GSI Moon Parks (548 Evans, [headgsi.parks@gmail.com](mailto:headgsi.parks@gmail.com)), GSI Coordinator Jennifer Kwok (548 Evans, [HeadGSI@econ.berkeley.edu](mailto:HeadGSI@econ.berkeley.edu)), or Econ Undergrad Advisor Ginnie Sadil (539 Evans, [ugrad@econ.berkeley.edu](mailto:ugrad@econ.berkeley.edu)) for help.

### **Tutoring Center**

The Economics Department offers free tutoring. A list of tutors-for-hire (about \$50/hour) is also available at <https://econ.berkeley.edu/undergrad/home/economic-answer-center>.

### **Textbooks and Other Materials**

**Required:** Martha Olney, *Microeconomics as a Second Language*, (Wiley, 2009) **and** Martha Olney, *Macroeconomics as a Second Language*, (Wiley, 2011). Royalties donated to Cal's Achievement Award Program (TAAP).

**Required:** Purchase of an i>clicker. You may buy any version: i>clicker, i>clicker2, or i>clicker+

**Required:** Economics 1 Class Reader, available from Copy Central, Bancroft Way. (Or download. See course website.)

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

**Optional:** Frank & Bernanke, *Principles of Economics*, 5<sup>th</sup> edition (McGraw-Hill, 2013).

### ***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 embed a photo of yourself; doing so will help your GSI learn your name. The paper will not be graded nor returned.

### ***Contacting You and Us***

Prof. Olney and the GSIs use email to contact you. Be sure your email address registered with the University's CalNet directory 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 Moon Parks are archived at the Econ 1 Lecture tab at <http://bspace.berkeley.edu>.

Emails sent to Prof. Olney must have "Econ 1" plus a descriptor in the subject line. For instance: "[Econ 1] link broken" or "[Econ 1] announcement for digest." Emails must use appropriate grammar and spelling (no txtng) and must be signed with both first and last names. Emails that don't meet these minimums are immediately deleted.

### ***Piazza***

We use Piazza in lieu of emails for questions & answers. Rather than emailing questions to Prof. Olney, the Head GSI, or your own GSI, post your questions on Piazza. Everyone – the instructors and students – then has the opportunity to answer your question. Answers can be edited, wiki fashion. The instructors can give a 'thumbs up' to good student answers. Others with the same question can see the conversation and chime in. At the end of the term, students whose questions or answers receive the largest number of "good" votes from classmates and instructors will receive a few extra credit points. If you didn't receive a welcome email from Piazza, sign up at <https://piazza.com/berkeley/fall2014/econ1>.

### ***Announcements Policy***

All announcements are sent by email. No announcements are made in lecture nor on Piazza. Some announcements may contain links to additional readings from current news sources. These readings are to be considered *required* assigned readings for the course; links will be added to the bCourses page. If you would like to make a written announcement to all Econ 1 students, send it to Prof. Olney for inclusion in her weekly email. Be sure you include a student name and contact info in the announcement. Prof. Olney reserves the right to delete announcements that are not relevant to Econ 1.

### ***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 i>clicker 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 all exams.

Your course grade will be based on your performance on a comprehensive essay & final, three midterm exams, completion of four problem sets and two bCourses quizzes, use of iClicker, and participation in section. You must take the final on Dec. 16 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 %
Four Problem Sets & i>clicker	As Noted Below	8 %
Two bCourses quizzes	As Noted Below	2 %
Midterm #1	Wednesday, October 1	20 %
Midterm #2	Wednesday, October 29	20 %
Short Midterm #3	Wednesday, November 19	12 %
Comprehensive Essay	Thursday, December 11, 11:59 p.m.	12 %
Final Exam	Tuesday, December 16, 11:30 a.m.	16 %

### ***Discussion (Lab) Section***

Section is not a mini-lecture; it is a hub of active learning. Why active learning? Because every bit of research shows that we learn best when we engage in active, not passive, learning. Sections are where you work with the concepts. Think of section as a lab, akin to a chem or physics lab. You will work in small groups, with work to be completed in lab each day.

10% of your course grade (50 points) will depend upon your participation in section. You are required to do three things. (This information is also posted on the course website.)

[1] In each lecture, an exercise (“the Blue & Gold Exercises”) is distributed. You are to complete the B&G 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; points based on attempt not on accuracy.)

[2] Twice during the term, you and two partners will make an oral presentation. The first presentation will be based on an article in the reader. You will briefly summarize the article, answer the (b) discussion question, and start the entire-class conversation on the (c) question associated with the article. Time allotted: no more than 5 minutes. (4 points possible)

The second presentation will be based on a news article you have recently located. In your oral presentation, your group will summarize the article, state the link between the article and what we are covering in Economics 1, and lead your classmates in a brief discussion of two questions that you have written. The article needs to be pertinent to material covered within 2 weeks of your presentation. At least one of your questions must be an exam-like question.

At least 5 days before your presentation, you must email your GSI a link to the article and two discussion questions. Your GSI may offer you suggestions for changing the article or editing the questions. The final selection of the article and two discussion questions must be made available to your classmates at least 48 hours before section. (Your GSI will tell you where to post.) Missing either of these deadlines will cost you points.

Time allotted for second presentation and discussion period: 6 minutes. Your presentation of the article should take no more than 2 minutes. The rest of the time you will be coordinating the discussion. 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. (6 points possible)

[3] Each section, you will do small-group work on problems (“the section exercises”) and/or reader questions. You may need to complete a pre-section assignment. Your GSI will provide more information in section. (20 points possible)

### ***i>clickers***

In each lecture there will be questions to answer with your i>clicker. If you answer more than half of that day’s questions, you earn ½ point. It doesn’t matter whether your answer is “correct.” i>clicker points can be used to make up for missed points on problem sets. For example, if you earn 33 points on problem sets, you can use 7 of your i>clicker points to bring that up to the maximum of 40 points. The maximum number of points you can use from i>clicker participation is 10 points.

### ***Problem Sets***

There will be four problem sets distributed in lecture and posted on the course website that you are to complete and submit to your GSI. Extra hard copies will be available in the Econ 1 racks outside 532 Evans. Problem sets are due at the beginning of section. Problem set answers must be submitted on the provided answer sheet. Problem sets are worth 10 points each. Late problem sets lose 5 points for every 1 minute - 24 hours they are late. If your problem set is due on Tuesday at 2:10 and you turn it in on Wednesday at 5:00, you get a zero. If it is due at 2:10 and you turn it in at 3:00, 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.” You may not post your answer to Piazza. If you copy someone else’s answer or prepare or post group answers, 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. Problem set solutions will be posted on the course website.

Problem Set #1 Due first section, week of September 22  
Problem Set #2 Due first section, week of October 20  
Problem Set #3 Due second section, week of November 10  
Problem Set #4 Due second section, week of December 1

### ***Exams***

Midterm #1 will be held Wednesday, October 1, 12:10 - 1:00 in Wheeler Auditorium (and additional rooms). Midterm #1 will cover the material presented in lecture, section, and the assigned readings up to and including Tuesday, September 30. Midterm #2 will be held Wednesday, October 29, 12:10 - 1:00 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 Tuesday, October 28. Short Midterm #3 will be held Wednesday, November 19, 12:10 - 1:00 in Wheeler Auditorium (and additional rooms). Midterm #3 will cover the material presented in lecture, section, and the assigned readings since the **first 2<sup>nd</sup>** midterm and up to and including Tuesday, November 18. The comprehensive essay question will be distributed on the last day of class, Wednesday, December 3 and will be due via bCourses by 11:59 p.m. on Thursday, December 11. The final examination will be comprehensive and will cover all material presented in lecture, section, and the assigned readings.

### ***Make-up Exam Policy***

There are no scheduled make-up exams. Students who miss a midterm **must** contact the Head GSI Moon Parks by email (headgsi.parks@gmail.com) before 11:59 a.m. on the day of the midterm. Excuses must be submitted to the Head GSI. Those who have an acceptable excuse will be required to complete an additional assignment. If it is completed successfully, a subsequent exam will be weighted proportionately more. Students who fail to contact the Head GSI before the regularly scheduled exam begins, do not have an acceptable excuse, or do not complete the alternative assignment successfully will receive a 0 on the midterm.

There is no make-up final. If you miss the final on Tuesday, December 16 with an acceptable excuse and you were otherwise passing the course, you will take the final with the other Econ 1 students at the end of Spring or Summer 2015. ***If you can't take the final as scheduled, don't take this course!***

### ***Grading of Exams***

All exams are short answer, problems, and essay questions. There are no true/false or multiple choice questions. Exam booklets are provided. No calculators, laptops, phones, or other electronic devices allowed during exams. 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 put it into words"). Moreover, 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. Different GSIs may have different A, B, C point cut-offs, but the same quality of work will receive the same letter grade for the course, regardless of who graded the work.

There is no fixed curve for this course dictating what share of students will receive what letter grade. *A priori*, 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 (as the Law of Large Numbers would suggest). Past performance of students in Economics 1 suggests that about 25-30 percent of the class will receive an A of some sort, about 35-40 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.

### ***Special Accommodations***

If you require special accommodations for exams or lecture due to learning or other disability, if you have emergency medical information that you wish to share, or if you need special arrangements in case the building must be evacuated, please speak with Head GSI Moon Parks **by September 10**. You will ultimately need to obtain the evaluation form from Disabled Students' Program (<http://dsp.berkeley.edu>, 260 César Chávez Center) which they will send electronically to Professor Olney. Exams for those needing accommodations are proctored by DSP's Proctoring Service, which requires notice of participants generally at least two weeks in advance of an exam. Request for exam accommodation **must** be received and acknowledged by Head GSI Moon Parks before DSP's own internal deadline for scheduling the proctoring of exams.

### ***Laptop and Cell Phone Policies***

No laptops are allowed in lecture unless required by DSP to accommodate disability. iPads and Tablet PCs (laid flat and being used for note-taking) are ok. Cell phones should be turned off and put away in your backpack or bag, not left out on your desk or lap. You may use the calculator function on your smart phone in lecture or lab section during group work.

### ***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. Cheating on a midterm or the final exam results in an "F" for the course. Cheating includes but is not limited to bringing written or electronic materials into an exam, using 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 Center for Student Conduct, which administers additional punishment.

You may use only one i>clicker during lecture. You cannot click in for a friend. Anyone observed using two i>clickers will have both i>clickers taken away and held by Prof. Olney or Head GSI Moon Parks until both owners come to retrieve them. All points for both i>clickers will be zeroed out for the term.

### ***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 one midterm grade. This crime is a felony, 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.

### ***FAQ: In what order should I interact with the material?***

**Answer: Textbook Readings - Lecture - Problem Solving in Section - Reader Assignment - Review.**

First exposure: the textbook readings as noted below. Make notes as you read. What is unclear and leaves you with questions? Where have you seen this concept illustrated in the real world? What real world phenomena or events might be understood with the concepts in the reading?

Second exposure: lecture. Take notes as you listen. Listen for answers to the questions you noted as you read the textbook. Ask questions as class time permits. The concepts should be firming up in your head after this second exposure.

Third exposure: problem solving in section. This is your chance to apply the concepts to new and different (often made-up) situations. Pay attention to the concepts themselves. Are you clear on the ideas? If not, ask your group members for their insight, ask your GSI as s/he circulates around the room, or post a question on Piazza. And pay attention to the process you are using as you apply the concepts. What steps do you take when you need to apply economic concepts to a new situation or problem?

Fourth exposure: reader assignment. Now you apply the concepts to a real world situation. How do the economic concepts help explain the real world situation in the article? Are there assumptions we invoked in the textbook/class that are not satisfied in the reader article? If so, what difference does that make?

Fifth exposure: review. Go back to the textbook readings. Have you cleared up any confusions? If not, get together with a study group, post a question on Piazza, or go to office hours. Can you think of other real world situations in which these concepts apply . . . or don't?

### Course Outline and Reading Assignments

Reading assignments are below. “Textbook” refers to the books by Olney. Read the entire chapter, unless pages are indicated. OMIT the appendix unless instructed to read it. All “Reader” assignments are from the reader available at Copy Central. Reader contents are also listed on the course webpage. Textbooks are also on 2-hour reserve at Moffitt Library.

Day & Topic	Textbook	Reader assignment
Wednesday, September 3 Organization of Course; Overview; Intro to Economic Models; Production Possibilities Frontier	Micro or Macro (same preliminary chapters are in both), Chapter 1 and 2 (pp. 17-22)	#1, “Economic History: Muddled Models” #2, “Occupy Economics”
Monday, September 8 Opportunity Cost; Economic Growth;	Macro, Chapter 5	#3a, “Bolivian Footbridge” #3b, “Young Bridge Engineer”
Wednesday, September 10 Comparative Advantage; Gains from Trade; Economic Systems	Micro, Chapter 2 (pp. 23-end) <i>NOTE:</i> Errata sheet on course website	#4, “Spousonomics: Using Economics to Benefit Your Marriage”
Sunday, September 14 at 11:59 p.m.	<b>bCourses quiz covering Chapter 3 due at 11:59 p.m.</b>	
Monday, September 15 Model of Supply and Demand	Micro or Macro, Chapter 3	#5, “Young Americans Lead Trend to Less Driving” #6, “Price of Nutella Could Rise”
Wednesday, September 17 Demand & Supply Extensions; Consumer Surplus	Micro, Chapter 4	#7, “In Praise of Price Gouging” ( <i>NOTE:</i> out of order. #9 then #8) #9, “Dynamic Pricing: Pricing in Sports”
Monday, September 22 <b>P.S. 1 due Mon/Tues</b> Elasticity; Profit-Maximization Decisions		#8, “Fare Set for New Oakland Airport Bart Connector”
Wednesday, September 24 Marginal Cost and Marginal Revenue	Micro, Chapter 6	
Monday, September 29 Supply Curve; Profit = 0 in the Long Run		#10a, “Where Car Is King” #10b, “‘Bandit’ Cabs are Bad for Drivers and Passengers”
<b>Wednesday, Oct. 1 MIDTERM #1</b>		
Monday, October 6 Income and Wealth Distribution	Micro, Chapter 9 (pp. 118-128)	#11a, “Striking it Richer” #11b, “Treating Inequality with Redistribution” #12, “Wealth Gap Among Races Has Widened”
Wednesday, October 8 Monopoly	Micro, Chapter 7 (pp. 92-98)	
Monday, October 13 Monopolistic Competition; Externalities	Micro, Chapter 7 (pp. 98-102)	#13, “Costs Keep Food Truck Owners on Their Toes”
Wednesday, October 15 Externalities, continued; Asymmetric Information	Micro, Chapter 8	#14a, “To Remember a Lecture Better” #14b, “Professor: I Banned Laptops”

<b>Day &amp; Topic</b>	<b>Textbook</b>	<b>Reader assignment</b>
Monday, October 20 <b>P.S. 2 due Mon/Tues</b> Overview of Macroeconomics	Macro, Preface Macro, Chapter 1 (pp. 5-6)	#15, "Eurozone Recovery Stalls"
Wednesday, October 22 Measurement of Total Output (GDP)	Macro, Chapter 4 Macro, Chapter 6 (pp. 89-92, 94-97, and 104-105)	#16, "GDP is a Terrible Way to Measure a Country's Economy"
Monday, October 27 Unemployment and Inflation	Macro, Chapter 7 (pp. 106-113)	#17, "Yellen's Philosophy: The More Jobs Data, The Better" #18, "Easy Useless Economics"
<b>Wednesday, Oct. 29 MIDTERM #2</b>		
Monday, November 3 Aggregate Expenditures; Equilibrium Output	Macro, Chapter 6 (pp. 92-94, 97-103) and Macro, Chapter 7 (pp. 113-127)	#19, "More Services Means Longer Recoveries"
Wednesday, November 5 Investment Spending	Macro, Chapter 7 (pp. 127-131)	#20, "How Economic Uncertainty Dulls Investment"
Sunday, November 9 at 11:59 p.m.	<b>bCourses quiz covering Chapter 8 due at 11:59 p.m.</b>	
Monday, November 10 Multipliers	Macro, Chapter 8 (pp. 134-143, 148-end)	#21, "The Ripple Effect"
Tuesday, November 11: <b>Veterans Day Holiday.</b> No sections, no office hours.		
Wednesday, November 12 <b>P.S. 3 due Wed/Thurs</b> Policy Overview; Fiscal Policy	Macro, Chapters 9 and 10	#22, "Measuring the Output Responses to Fiscal Policy" #23, "Stimulating the Economy in an Era of Debt and Deficit"
Monday, November 17 Open Economy Macroeconomics	Macro, Chapter 7 (pp. 131-end); Chapter 16	#24, "If You Want a Strong Pound"
<b>Wednesday, November 19 SHORT MIDTERM #3</b>		
Monday, November 24 Federal Reserve	Macro, Chapter 11 (pp. 183-194) and Chapter 12	#25, "Quantitative Easing: Lessons We've Learned"
Wednesday, November 26 Inflation, Phillips Curve	Macro, Chapter 15 (pp. 268-276)	#26, "Fed ... Stresses Concerns on Job Market"
Monday, December 1 Monetary Policy	Macro, Chapters 13 & 15	#27, "Fed Hawk Could Signal a Shift" #28, "Federal Reserve Press Release: FOMC July 30-31, 2014 Meeting"
Wednesday, December 3 <b>P.S. 4 due Wed/Thurs</b> Policy, continued; Concluding Remarks		Optional #29, "Lessons from the Great Depression for Policy Today"
Monday, December 8 Wednesday, December 10	RRR week reviews with Professor Olney, (optional, per UCB rules; but highly recommended)	