

# 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

Robert Frank & Ben Bernanke. Principles of Economics. McGraw Hill, 2<sup>nd</sup> Edition. Copyright 2004. The text is available at ASUC and other book stores. A copy of the textbook is on 2-hour reserve at Moffit Library.

### 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>.

### 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.

	<u>Points</u>	<u>Score Weight</u>
Problem Sets	40	10%
Midterm 1	100	25%
Midterm 2	100	25%
Final Exam	160	40%

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

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Office	651 Evans
Office Hours	Monday & Wednesday 1-2pm
Phone Number	642-7284
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<b>Course web site URL*</b>	<a href="http://elsa.berkeley.edu/~jaya/econ1_summer03.shtml">http://elsa.berkeley.edu/~jaya/econ1_summer03.shtml</a>

\*: Or, go to the Economics Department Home Page <http://econ.berkeley.edu> and click on Course Pages at the top navigation bar.

### **Course Calendar: Important Dates**

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July 2	Problem Set 1 Due	
July 9	Problem Set 2 Due	
<b>July 14</b>	<b>Midterm 1</b>	<b>10am-11:30am, 145 Dwinelle</b>
July 23	Problem Set 3 Due	
July 30	Problem Set 4 Due	
<b>August 4</b>	<b>Midterm 2</b>	<b>10am-11:30am, 145 Dwinelle</b>
August 6	Problem Set 5 Due	
<b>August 13</b>	<b>Final Exam</b>	<b>10am-12pm, 145 Dwinelle</b>

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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 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)
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### **Basic Model of Supply & Demand**

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

### Consumer & Firm Behavior

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

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

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

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

**Happy July 4<sup>th</sup> !!!**

## **WEEK 3**

### Departures from Perfect Competition

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

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

### Factor Markets

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

### Market Imperfections

Wednesday, July 9                              Externalities & Public Goods  
Lecture 6                              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**  
**10am-11:30am**

**Midterm Exam 2**  
**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  
Lecture 12

Extension of Basic Keynesian Model  
Notes Only

### International Macroeconomics

Wednesday, August 6  
Lecture 12

Exchange Rate & Monetary Policy  
Chapter 29

## WEEK 8

Monday, August 11  
Lecture 13

**Catch up & Review**

**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.