

# Syllabus: Microeconomic Principles (Econ 001)

Note: For office hours, contact information, homework assignments, links to readings and much more, go to the course Canvas site at <https://upenn.instructure.com/>

## Econ001: General Information

At the end of this document you will find a class-by-class outline of the material we expect to cover. There is also a table that contains the dates for quizzes, midterms and final in this course.

First, though, is some general information that will help you find your way in this course and answer some logistical and pedagogical questions.

Please retain a copy of this syllabus for your records. Many graduate programs require such a copy to receive waiver or credits for courses taken as an undergraduate level.

### I. Canvas

During this course we will make extensive use of the web-based program Canvas to distribute homework, refer you to additional readings, give you feedback on your exam results and more. Please make sure you are able to log on to this course site by trying out the following page:

<https://upenn.instructure.com/>

You should have **one** sites for this course, a lecture-wide site. Recitation level groups are formed within this site to allow your TA to communicate with the recitation group separately. Stay tuned on when and how to join this group- see updates next week. You **MUST** be registered for both the lecture and the recitation section or you will be automatically dropped from the course.

### II. Course Structure

Each week we have lectures on Monday and Wednesday, plus a recitation session on either Thursday or Friday. You should attend both lectures and recitations, as there will be different material covered in each. Exam questions will assume you attended all lectures & recitations.

Attendance is required in this course. Course absences should be reported through the Course Absence Report system. Students are permitted to miss class for legitimate reasons only (e.g., sickness on the day of class). Excessive or unexplained absences may result in a reduction in your course participation grade. There are no “excused absences” – if you miss class, you are responsible for making up any work and for knowing the material covered.

The purpose of the Course Absence Report system is to facilitate communication between instructors and students when a student misses class. The system allows students to inform instructors about absences of five days or less. If the absence is more than five days, you should contact your home school advising office for assistance and to discuss the academic implications of a longer absence.

You can submit a Course Absence Report by logging on to Penn InTouch and choosing the “Course Absence Report” option from the menu on the left.

### III. Textbook

The textbook used is: Parkin. Microeconomics (11<sup>th</sup> Edition) from Addison Wesley.

The textbook was only slightly updated from the 10<sup>th</sup> edition. You are welcome to use the old edition, but please note that most used textbooks do not come with MyEconLab access. You will need to pay for that separately, online, if you choose to use that component (see below).

### IV. Homework Assignments/Preparation for Recitation

Weekly homework assignments will be posted on the lecture-wide Canvas site. Each assignment includes:

- a. *A set of 10 multiple-choice questions.* This is a self-assessment tool that allows you to check if you understand the basic concepts. You may take these multiple times.
- b. *A short answer section.* This you should complete by your next recitation and uploaded on canvas. Your recitation instructor will view your assignments on line and grade them for completion and give you feedback on your performance.

Homework assignments get you ready for recitation and allow us to find out how students are doing. Please be diligent in completing them in a timely manner. If you get stuck on any part of the assignment you are welcome to stop by office hours in advance of your recitation *or* to ask your TA to go over a particular part or question in recitation. You are also welcome to post questions on Piazza (see below). We do not expect 100% success on these home works, but rather 100% effort.

### V. MyEconLab

The textbook is accompanied by an on-line study guide & assignment package called MyEconLab. Up to 10% of your grade is based on MyEconLab homework completion as discussed below.

Instructions to log-on to MyEconLab will be given during class on Monday, September 9th. If you plan on using MyEconLab do not miss this introduction.

MyEconLab keeps track of how you answer homework questions and, through its study plan feature, recommends additional questions to help you brush-up on topics where you need to do more work. Students are strongly encouraged to strengthen their grasp of the course material by working with MyEconLab's sample test and study plan features.

Homework assignments, sample tests and study plan questions closely match chapters in the textbook.

There will be regular assignments in the course, due on a weekly basis. The first assignment is due the second Monday of the semester at 9am. Note that some assignments have multiple parts: make sure to answer questions from each of the assigned chapters, as stated in the schedule.

Each correct answer earns 1 point. To get the full 10% credit you must accrue at least **100** points (out of more than 150 points available). If you accrue less than 100 points you

grade will be pro-rated. For example, 80 points earn you 8%. If you get more than 100 points- good for you! Nonetheless, the maximum credit is for 100 points.

Late or incomplete homework assignments will receive a grade of **zero**.

## **VI. Groups for Economic Applied Thinking (GREAT)**

The GREAT program is a program of directed study groups designed to help students in Economics 1 excel. Students who select to participate in the GREAT program will enhance their understanding of course materials by applying economic thinking to challenging problems and by practicing thinking as economists do. GREAT members will meet once a week in assigned groups, taking on advanced problems to explore the implications of the week's material and how to approach contemporary issues as an economist would. The collaborative, problem-solving focus of the program, set in a comfortable atmosphere, will help students excel in class, and better understand how to thrive at Penn and lead in the world. Students interested in the GREAT program can sign up in Economics 001 lecture during the second week of the semester. See below for grading policy adjustment for GREAT participants.

GREAT participants **MUST** attend all meetings and get credit for participation. 10% of the course grade will be based on participation. The first missed meeting is 'free'. Each missed meeting after that costs you 1% of your grade.

Instructions on how to register for great will be posted on canvas, as are planned meeting dates. If you do not sign on to GREAT we assume you are doing MyEconLab and will use your performance there towards your grade. See grading below.

**Note: You should decide by Thursday September 5<sup>th</sup> midnight if you are in GREAT *or* getting credit for MyEconLab.**

## **VII. How to study for Econ-001**

It is not enough to attend classes and read your textbook to do well in this course. You need to put in a significant amount of time on your own.

The following schedule should help:

- *Before class*: go over the chapters that will be covered to familiarize yourself with the main topics.
- *During class*: attend classes. Take notes. Be an active participant. Ask questions. Don't snore.
- *After class*: re-read your notes **within 24 hours** to make sure you understood the lecture. Re-read the text briefly, but do not memorize. Answer homework questions. Solve MyEconLab problems. You are welcome to work in groups, but make sure that you spend 20 minutes by yourself before you meet your study partners. That way you will honestly know what you do and do not understand.
- *Throughout the semester*: **Practice!** There is nothing like solving more & more problems to get the hang of this stuff. That is why we assign homework, MyEconLab problems and encourage students to solve old exam problems.

Many students find the link between math, graphs and verbal concepts difficult; the best way to overcome this is by **practicing**. A good source of questions is exams from past semesters.

They can be found through the link <http://economics.sas.upenn.edu/undergraduate-program/course-information/examinations/old-exams>.

You may also use the study guide that comes with the text.

If you have problems with time management, get into a routine. You should spend an hour a day studying economics (over and above lectures and recitation). The following weekly plan can give you some guidance:

*Monday:* Go over class notes. Re-read relevant sections of text. Go to GREAT meeting.

*Tuesday:* Solve questions from MyEconLab and/or old exams.

*Wednesday:* Go over lecture notes. Do homework assignment.

*Thursday/Friday:* Finish HW assignment or go over recitation notes (depending on when your recitation is). Stop by Office Hours with any questions.

*Saturday:* spend an hour (or two, if exams are coming up) solving questions from past exams. If you didn't get a question right, go back and make sure you understand the topics before attempting another question.

*Sunday:* Catch up on MyEconLab. Have a quick read through the chapters to be covered next week. Go to GREAT meeting.

## VIII. Whom to Contact?

- Logistical issues regarding **joining a section** or **changing sections**: Lynn Costello, the undergraduate coordinator in the economics department. She can be found in McNeil room 160 or via email at [costello@econ.sas.upenn.edu](mailto:costello@econ.sas.upenn.edu). Lynn is also knowledgeable about major requirements and stuff like that.
- If you need to miss a class please submit a Course Absence Report by logging on to Penn InTouch and choosing the "Course Absence Report" option from the menu on the left.
- Logistical issues regarding the **Canvas**: [canvas@pobox.upenn.edu](mailto:canvas@pobox.upenn.edu) or go to <http://guides.library.upenn.edu/content.php?pid=467380&sid=3826305>
- If you need to take a **make-up midterm** due to illness or family emergency: please BOTH complete a notice in CAR AND contact your T.A. They will then place you on the official make-up list.
- If you need to take a **make-up midterm** due to academic conflict (e.g., you have a class during midterm times) or athletic team related travel (but not practice): please contact your T.A. They will then place you on the official make-up list.
- Concerns about homework, economics in general or the material covered in class etc: contact either your R.I. or me.
- Logistics regarding GREAT program: [lrcmail@pobox.upenn.edu](mailto:lrcmail@pobox.upenn.edu)

In general – I try to be as available as possible. Stop by my office hours or make another appointment to see me. I am also available in the classroom before and after lectures. I am here Mondays, Wednesdays and Thursdays (plus most Fridays). Note that I do not check my e-mail on weekends.

- My office is: McNeil 541

- My office hours will be set within two weeks.
- E-mail: [rstein2@econ.upenn.edu](mailto:rstein2@econ.upenn.edu)

## IX. Piazza

This term we will be using Piazza for class discussion. The system is highly catered to getting you help fast and efficiently from classmates, the TA, and me. Rather than emailing questions to the teaching staff, I encourage you to post your questions on Piazza. If you have any problems or feedback for the developers, email [team@piazza.com](mailto:team@piazza.com).

Find our class page at: <https://piazza.com/upenn/fall2013/econ001/home>

## X. Free Lunch

As economists, we like to say that there is no free lunch. But I am happy to contradict that by taking you out to the Penn Club for change of scene from the 1920s commons. Please contact me to set up a date. Then you can officially sign up here: <https://secure.www.upenn.edu/nso/take-your-professor-to-lunch.html>

## XI. Grading

Grading is not on a curve. Your grade is calculated from the raw grades received in quizzes, midterms & final as follows:

MyEconLab Points	
Or Great Participation:	10 %
Best 2 out of 3 quizzes	5 %
Homework	5 %
Midterm I	20 %
Midterm II	25 %
Final	35 %

Alternate grading:

I understand that sometimes a midterm does not go as well as you would hope. That is why we will also calculate your grade using the following weights. *Your best weighted average of all three calculations will be used to generate your letter grade.*

MyEconLab Points	
Or Great Participation:	10 %
Best 2 out of 3 quizzes	5 %
Homework	5 %
Midterm I	15 %
Midterm II	25 %
Final	40 %

MyEconLab Points	
Or Great Participation:	10 %

Best 2 out of 3 quizzes	5 %
Homework	5 %
Midterm I	25 %
Midterm II	15 %
Final	40 %

## **XII. Enjoy**

I took my first economics course under duress, but found it fascinating and satisfying. I still think it is a brilliant way to look at the world.

## **XIII. Topics Covered**

### I. Introduction

#### A. Opportunity Cost

Main Terms & Concepts: Dollar vs. Economic Costs

#### B. Using Graphs in Economics (review on your own)

Main Terms & Concepts: Reading a graph  
 Movement *of* a curve vs. *along* a curve  
 Slope of straight and curved lines  
 Maximum and minimum points

### II. Origins of Trade

#### A. Scarcity and Choice

Main Terms & Concepts: Production Possibilities Frontier (P.P.F.)  
 Opportunity Cost  
 Efficiency  
 Growth  
 Marginal Benefit and Marginal Cost

#### B. Comparative Advantage & The Gains from Trade

Main Terms & Concepts: Absolute & Comparative Advantage  
 Specialization  
 Trade  
 Consumption Possibilities Frontier (C.P.F.)

### III. Markets for Trading

#### A. Supply & Demand

Main Terms & Concepts: Demand Curve & Quantity Demanded  
 Supply Curve & Quantity Supplied  
 Movement Along vs. Shifts of a Curve  
 Market Equilibrium

Equilibrium Price & Quantity  
Law of Supply & Demand

B. Elasticity

Main Terms & Concepts: Price Elasticity of Demand (elastic, inelastic)  
Income Elasticity (normal, inferior)  
Cross-Price Elasticity (complements, substitutes)  
Price Elasticity of Supply

C. Efficiency and Equity

Main Terms & Concepts: Efficiency  
Consumer Surplus  
Producer Surplus  
Deadweight Loss  
Equity

D. Applications of Supply & Demand

Main Terms & Concepts: Price Controls (Price Floors & Ceilings)  
Taxes  
Subsidies  
Trade in the global market\*

\* time permitting.

**MIDTERM I: Tuesday, October 1st, 6-7 p.m.**

IV. The Building Blocks of the Demand Curve

A. Consumer Choice

Main Terms & Concepts: Utility  
Indifference Curves  
Marginal Rate of Substitution  
The Budget Line  
Substitution & Income effects  
Application: The Supply of Labor

V. The Building Blocks of the Supply Curve

A. Production

Main Terms & Concepts: Inputs  
Total (Physical) Product  
Short Run & Long Run  
Average Product  
Marginal Product  
“Law” of Diminishing Returns

## Economies of Scale

### B. Costs

Main Terms & Concepts: Total, Average & Marginal Cost Curves  
Fixed & Variable Costs  
Short Run and Long Run Costs

## VI. Perfect Competition and Monopoly

### A. The Supply Function in the Perfectly Competitive Market

Main Terms & Concepts: The Firm's Goal: Profit Maximization  
Perfect Competition Defined  
The Firm as a Price Taker  
Firm's Supply in SR & LR  
Entry & Exit  
Industries Supply in SR & LR

### B. The Supply Decision for the Monopoly

Main Terms & Concepts: Monopoly Defined  
Monopoly as Price Setter  
Marginal Revenue  
Supply in SR & LR  
Price Discrimination  
Regulation of Monopoly

### C. Semi-Competitive Markets

Main Terms & Concepts: Monopolistic Competition  
Oligopoly\*  
Nash Equilibrium in a 2\*2 game\*

\* time permitting.

## **MIDTERM II: Wednesday, November 6th, 6-7 p.m.**

## VII. The Distribution of Income

### A. Inputs & their Prices

Main Terms & Concepts: Marginal (Physical) Product  
Marginal Revenue Product  
Derived Demand for Inputs (Labor, Capital)

### B. The Market for Labor and Capital

Main Terms & Concepts: Labor Supply Curve



Income and Substitution Effects in the  
supply of labor  
Discount Present Value

C. Poverty & discrimination \*

Main Terms & Concepts: Poverty  
Inequality  
The Lorenz Curve  
Redistribution of Wealth  
The Tradeoff between Equity & Efficiency

\* time permitting. May be postponed to last week of class.

VIII. Externalities and Public Goods

A. Externalities

Main Terms & Concepts: Positive & Negative Externalities  
Internalizing an externality  
Markets for externalities

B. Public Goods

Main Terms & Concepts: Private Goods (Depletable & Excludable)  
Public Goods & Free Riding  
Market Failure

**FINAL: Thursday, December 19<sup>th</sup>, 3-5 p.m.**

## Syllabus: Microeconomic Principles (Econ 001)

<b>Date</b>	<b>Topic</b>	<b>Chapter</b>	<b>Comments</b>
8/28	Introduction & the concept of Opportunity Cost	Chapter 1	
9/2	<i>Labor Day- no class</i>		
9/4	Scarcity & Choice	Chapter 2	Introduction to GREAT
9/9	Comparative Advantage	Chapter 2	Introduction to MyEconLab
9/11	Supply & Demand	Chapter 3	
9/16	Elasticity	Chapter 4	
9/18	Efficiency and Equity	Chapter 5	Quiz #1 in-class
9/23	Application of S & D: Taxes	Chapter 6	
9/25	Application of S & D: Price Controls	Chapter 6	
9/30	Review	Chapter 1-6	Ask Questions!
<b>10/1 6 p.m.</b>	<b>MIDTERM I</b>	<b>Tuesday</b>	<b>In the evening</b>
10/2	Consumer Theory	Chapter 9	
10/7	Consumer Theory: Cont	Chapter 9	
10/9	The Firm & Costs of Production	Chapter 10 & 11	
10/14	Perfect Competition: Short run	Chapter 12	
10/16	Perfect Competition: Long run.	Chapter 12	
10/21	Monopoly	Chapter 13	Quiz #2 in-class
10/23	Natural Monopoly	Chapter 13	
10/28	Monopolistic Competition	Chapter 14	
10/30	Game Theory		
11/4	Catch up		
11/6	Review	Chapter 9-14	Ask Questions!
<b>11/6 6 p.m.</b>	<b>MIDTERM II</b>	<b>Wednesday</b>	<b>In the evening</b>
11/11	Input Markets: labor	Chapter 18	
11/13	Input Markets: labor	Chapter 18	
11/18	NPV	Chapter 18	
11/20	Monopsony	Chapter 18	Quiz #3 in-class

11/25	Externalities	Chapter 16	
12/2	Public Goods	Chapter 17	
12/4	Poverty	Chapter 19	
12/9	Conclusion		
<b>12/19 3-5pm</b>	<b>FINAL EXAM</b>	<b>Thursday</b>	<b>Plan your flights home accordingly!</b>