

Syllabus: Microeconomic Principles (Econ 001)

Note: For office hours, contact information, homework assignments, links to readings and much more, go to the course Blackboard site at <https://courseweb.library.upenn.edu>.

Econ001: General Information

At the end of this document you will find a class-by-class outline of the material I 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. Blackboard

During this course we will make extensive use of the web-based program Blackboard (abbreviated Bb) to distribute homework, refer you to additional readings, and 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://courseweb.library.upenn.edu>

and following the link from there.

You should have **two** sites for this course: a lecture-wide site and a recitation-specific site. If you don't have both (at least within one week), you are not properly registered for this course and will not get a grade!

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.

III. Textbook

The textbook used is: Parkin. Microeconomics (10th Edition) from Addison Wesley. The textbook was only slightly updated from the 9th edition. You are welcome to use the old edition, but please note that 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 Bb site under the "Recitation Prep" tab. 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 hand in to your instructor. You will get feedback on your performance. This allows us to find out how students are doing.

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 date TBA. See Bb for update. 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 your 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.

Sign up details will be posted on Bb by January 18th.

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.

Note: You must decide by January 22nd at 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 I give HW assignments, MyEconLab problems and encourage students to solve old exam problems.

Many students find the link between math, graphs and general 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 a link under the "Exam Time" tab in the lecture-wide Bb site. 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. Lynn is also knowledgeable about major requirements and stuff like that.

- Logistical issues regarding the **Blackboard site** go to: <http://www.library.upenn.edu/forms/bb-gethelp.html>.
- If you need to take a **make-up midterm** due to illness or family emergency: 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

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 are: Wednesdays, 2:00 to 4:00pm.
Additional hours will be added on Thursday and/or Fridays before midterms. See Bb for updates.
- E-mail: 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 myself. 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.

Find our class page at: <https://piazza.com/upenn/spring2013/econ001/home> As

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	
<i>Or</i> 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	
<i>Or</i> Great Participation:	10 %
Best 2 out of 3 quizzes	5 %
Homework	5 %
Midterm I	15 %
Midterm II	25 %
Final	40 %

MyEconLab Points	
<i>Or</i> 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: Monday, February 11th, 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: Thursday, March 21, 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: TBA

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Date	Topic	Chapter	Comments
1/9	Introduction & the concept of Opportunity Cost	Chapter 1	
1/14	Scarcity & Choice	Chapter 2	Introduction to MyEconLab
1/16	Comparative Advantage	Chapter 2	Introduction to GREAT
1/21	<i>MLK Observed- no class</i>		
1/23	Supply & Demand	Chapter 3	
1/28	Elasticity	Chapter 4	
1/30	Efficiency and Equity	Chapter 5	Quiz #1 in-class
2/4	Application of S & D: Price Control	Chapter 6	
2/6	Application of S & D: Taxes	Chapter 6	
2/11	Review	Chapter 1-6	Ask Questions!
2/11 6 p.m.	MIDTERM I	Monday	In the evening
2/13	Consumer Theory	Chapter 9	
2/18	Consumer Theory: Cont	Chapter 9	
2/20	The Firm & Costs of Production	Chapter 10 & 11	
2/25	Costs of Production continued		
2/27	Perfect Competition: Short run	Chapter 12	Quiz #2 in-class
3/5 to 3/10	<i>Spring Break</i>		
3/11	Perfect Competition: Long run.	Chapter 12	
3/13	Monopoly	Chapter 13	
3/18	Monopolistic Competition	Chapter 14	
3/20	Review	Chapter 9-14	Ask Questions!
3/21 6 p.m.	MIDTERM II	Thursday	In the evening
3/25	<i>TBA</i>		
3/27	Input Markets: labor	Chapter 18	
4/1	Input Markets: labor	Chapter 18	
4/3	NPV	Chapter 18	
4/8	Externalities	Chapter 16	Quiz #3

			in-class
4/10	Public Goods	Chapter 17	
4/15	Public Goods: Game Theory approach	Chapter 15: pages 346-354	
4/17	Poverty	Chapter 19	
4/22	Conclusion		
TBA	FINAL EXAM		