

Economics 001: Introduction to Economics
University of California, Merced
Fall 2022 Semester

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| Instructor: | Professor Jason Lee | Office: 342 COB |
| Email: | jlee287@ucmerced.edu | OH: Tu [2:00 pm – 4:00 pm] [In-person] W [10 – 11am] [Zoom only] W [2:00 pm – 3:00pm] [In-person] Th [2:00 pm – 3:00pm] [In-person] |
| Course Webpage: | Cat Courses | |

Course Description

This is an introductory course in the principles of economics. The course covers both microeconomics and macroeconomics. Microeconomics is the branch of economics that deals with decision making by individuals and firms while macroeconomics is the branch of economics that deals with the economy as a whole. The central objective of this course is to help you think like an economist and how to apply economic thinking to everyday decisions.

Course Learning Outcomes:

1. Identify and weigh costs against benefits when making a decision.
2. Understand how firms make choices on how much goods to produce.
3. Understand why markets can fail and the solutions to address market failure.
4. Understand how households make choices in the output market.
5. Understand how key macroeconomics variables are measured.
6. Identify the sources of economic growth and explain differences in standards of living across countries.
7. Evaluate potential causes of short-run economic fluctuations.
8. Analyze how monetary and fiscal policies are used to stabilize the economy.

Programmatic Learning Outcomes:

This course's Goals and Learning Outcomes meet several of the 5 specific Economics Program Learning Outcomes, the 5 specific Management & Business Economics Program Learning Outcomes and the 5 General Education Program Learning Outcomes listed below. For a map of the specific PLOs that this course satisfies, please refer to the following Curriculum Maps:

1. [Economics PLO Curriculum Map](#)
2. [Management & Business Economics PLO Curriculum Map](#)
3. [General Education Program Curriculum Map](#)

Economics Program Learning Outcomes:

1. Describe the underlying economic incentives and tradeoffs associated with the decisions made by individuals, firms, international organizations and governments.
2. Apply economic concepts in analyzing policy debates and evaluating policy outcomes.
3. Design and conduct research that can inform managerial and economic policy making, including by collecting, analyzing and interpreting data using relevant software.
4. Demonstrate critical, evidence-based, thinking about economic phenomena, whether encountered in coursework or in media reports, so that students can evaluate the accuracy of hypotheses presented.

5. Communicate clearly and cogently in written and oral form in academic and professional environments.

MBE Program Learning Outcomes:

1. Describe the underlying economic incentives and tradeoffs associated with the decisions made by individuals, firms, organizations, institutions and governments.
2. Apply theories and concepts from disciplines in Management and Business Economics (e.g. accounting, economics, statistics, finance, and marketing) to business management situations.
3. Communicate clearly and cogently in written and oral form within professional and academic environments.
4. Design and conduct research that can inform managerial and economic policymaking, in part by collecting, analyzing and interpreting data using relevant software.
5. Describe and evaluate the relevant ethical and social issues associated with different economic and business ventures.

General Education Program Learning Outcomes:

1. Life at the Research University: Asking Questions
2. Reasoning: Thinking Critically
3. Communication: Explaining and Persuading
4. Cultural and Global Awareness: Engaging with Differences
5. Citizenship: Contributing to the Public Good

Prerequisites

There are no official prerequisites for taking this course, however it is expected that students have basic math skills. Economics is a quantitative social science and we will rely heavily in this course on graphs, mathematical reasoning and elementary algebra. An early problem set is designed to familiarize you with the math tools that will be required in this class.

Required Materials

(1) Mankiw, N.G. (2021). *Principles of Economics*, 9th edition.

The e-textbook will be available via Inclusive Access. An announcement will be posted in Cat Courses with more information on how to access the e-book.

For those students who don't wish to participate in Inclusive Access and would like a hard copy of the textbook, you may utilize earlier editions of the textbook. The material covered between the editions is the same. Used copies of the previous editions can be found on Amazon and other online booksellers.

University Store Note about opting out and billing:

Please do not PRE-Pay for any content or access. If you are prompted to pay for access, try using another web browser such as Chrome or Firefox. Safari can cause errors. If you cannot pass through without paying, contact j.neeper@follett.com for help. Your UC Merced Student Account will be charged the above Inclusive Access Charge unless you opt-out of this program. If you do opt out you will be responsible for purchasing your course materials for this section.

- **Please read all Announcements sent via CatCourses relating to Inclusive Access for the latest instructions, updates, and information.**
- **Fall opt out date: 9/15**
- **Directions: Visit: <https://ACCESSPortal.follett.com:443/2203> (Links to an external site.)**

- (3) Red Scantrons:** For each exam you will need to bring a **RED** scantron for the multiple choice section. The Scantron form is called F-288-PAR-L. You can purchase the scantron in the bookstore. Occasionally ASUCM will give free testing supplies (including red scantrons) in Granite Pass 174.

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Grading Policy:

The course grade will be based on online homework assignments, three midterm exams and a comprehensive final exam. The overall course grade will be computed using whichever grading scheme gives you the highest course score:

| Grading Scheme (1) | | Grading Scheme (2) | |
|--------------------|-----|---------------------|-----|
| Problem Sets: | 21% | Problem Sets: | 21% |
| 3 Midterm Exams: | 54% | 2 Highest Midterms: | 36% |
| Final Exam: | 25% | Final Exam: | 43% |

Homework

- Homework will be completed in an online interactive format and will require reliable internet access. All homework assignments will be completed on the class website on Cat Courses under “Quizzes”.
- **No late assignments will be accepted.** Due dates for assignments are posted well in advance. A tentative homework schedule can be found in the syllabus. It is not possible to extend time for assignments after the due date. Computer problems or connection trouble **are not** an excuse for missing assignments.
- Give yourself ample time to complete the assignments. While the homework’s principal goal is to help you keep up with the material, the assignments can be long and sometimes challenging. Doing well on the homework will help with your performance on the exams. You are free (and even encouraged) to work on the assignments with others.
- Students will have the ability to re-do the problem set two additional times. The recorded score will be the average of your attempts. If you are satisfied with your grade you do not have to do the problem set more than once.
- The lowest **FOUR** assignments will be dropped in calculating your homework score at the end of the course.

Exams

The dates of the midterm exams and the comprehensive final are listed below.

Midterm 1: Tuesday, September 20 [Material Covered: Chapters 1-8]

Midterm 2: Tuesday, October 18 [Material Covered: Chapters 10-11, 13-17]

Midterm 3: Thursday, November 17 [Material Covered: Chapters 23-26, 28-29]

Comprehensive Final Exam: Wednesday, December 14 [3:00pm to 6:00pm]

There will be **no makeup midterm exams given.** If you miss one of the midterm exams for any reason, the score will automatically be dropped and your exam score will consist of the two remaining midterms and the final exam. The exams will be administered **in-person.**

Unfortunately, given the large class size there cannot be any special accommodation given for the final exam. If you have a conflict with taking the final exam at the scheduled time you must drop the course. If you have a verifiable medical emergency which prevents you from taking the final exam, you may be given an incomplete grade.

Attendance

- Generally, there is a strong correlation between high grades and regular class attendance. While lectures will generally follow the text, additional material will be covered in lecture that is not found in your text.

- While regular attendance is important, I understand that circumstances will occur that will prevent you from coming to class on occasion. Additionally, university policy states that any students who are exhibiting any COVID symptoms **must stay home** and are not allowed to participate in any campus activities.
- In the event you are unable to attend class (due to illness or any other factor), the class lecture notes will be available on Cat Courses. I will also post old lecture videos that were produced when the class was taught remotely. You can watch the videos that correspond to the class you missed. The videos can be found under the Media Gallery link on Cat Courses.
- To reward students who do attend lecture in-person regularly, I will occasionally take attendance during lecture. Attendance points will earn students extra-credit. Students can earn a maximum of 4% extra credit to their overall course grade if they have perfect attendance during the semester.

Discussion Board

Given the size of the course, it would be difficult for me to answer all your questions via e-mail. In attempt to answer as many questions as possible the course will be using the Discussion Board on Cat Courses to answer all course related questions. Please ask any questions regarding the homework, the material or course logistics via Cat Courses rather than e-mailing me directly. However, if you have a personal question please don't hesitate to e-mail me.

The main advantage of the discussion board is that students can answer questions for other students which decreases the time it takes to have your question answered (and also helps the responder by seeing how well they are able to explain the material). I will try to check the discussion board at least once a day, but you should expect a 24 hour turnaround time before you may get a response from me.

In Person Office Hours

Office Hours will be scheduled on Tuesday, Wednesday and Thursday. Office hours will begin the week of August 29th.

Tuesday Office Hours: 2PM – 4PM

Wednesday Office Hours: 2PM – 3PM

Thursday Office Hours: 2PM – 3PM

Online Office hours (Zoom only)

Wednesday Office Hours: 10AM to 11AM

ZOOM MEETING ID: **812 1259 9321**

Grades

Grades will be determined by your overall performance on the exams and homework. Grades will be assigned using the following grading scale:

Over 100 = A+

93 to 99.99 = A

90 to 92.99 = A-

87 to 89.99 = B+

83 to 86.99 = B

80 to 82.99 = B-

77 to 79.99 = C+

73 to 76.99 = C

70 to 72.99 = C-

67 to 69.99 = D+

63 to 66.99 = D

60 to 62.99 = D-

Below 59.99 = F

The grade cutoffs may be changed at my discretion. In the event that the grade cutoffs are lowered, the passing grade cutoff will not go below 50 percent. Any student receiving a course grade below 50 percent will not to pass the course.

Based on past data, the grade distribution will typically be as follows:

20%-25% of the class will receive some form of A's

25%-30% of the class will receive some form of B's

30% of the class will receive some form of C's

The remainder of the class will receive grades of D's or below.

UC Merced Academic Honesty Policy

Please refer to <https://osrr.ucmerced.edu/academic-integrity> for a detailed description of the academic honor code on campus. Students are expected to adhere to a code of academic integrity. Any student caught cheating on a midterm exam will receive a 0 for that exam and will be referred to Judicial Affairs. Any student caught cheating on the final exam will automatically fail the course regardless of their current grade.

Tentative Lecture and Reading Schedule

| Date | Topic(s) | Readings |
|------------------------------|--|--|
| Thursday, August 25 | Course Overview; Principles of Economics; Thinking Like an Economist | Chapter 1; Chapter 2 [pp.19-28] |
| Tuesday, August 30 | Production Possibility Frontier; Gains From Trade | Chapter 2 [pp. 19-28]; Chapter 3 |
| Thursday, September 1 | Supply and Demand | Chapter 4 |
| Tuesday, September 6 | Elasticity | Chapter 4 continued; Chapter 5 |
| Thursday, September 8 | Consumer Choice; Governmental Policies | Consumer Choice Lecture Notes; Chapter 6 |
| Tuesday, September 13 | Governmental Policies; Consumer and Producer Surplus | Chapter 6 Continued; Chapter 7 |
| Thursday, September 15 | The Cost of Taxation | Chapter 8 [pp.153-161] |
| Tuesday, September 20 | MIDTERM 1 | |
| Thursday, September 22 | Externalities and Public Goods | Chapters 10 and 11 |
| Tuesday, September 27 | The Cost of Production | Chapter 13 |
| Thursday, September 29 | Perfect Competition | Chapter 13 continued, Chapter 14 |
| Tuesday, October 4 | Perfect Competition | Chapter 14 |
| Thursday, October 6 | Monopoly | Chapter 15 |
| Tuesday, October 11 | Monopolistic Competition | Chapter 15 continued; Chapter 16 |
| Thursday, October 13 | Oligopoly and Game Theory | Chapter 17 |
| Tuesday, October 18 | MIDTERM 2 | |
| Thursday, October 20 | Measuring the Economy: GDP | Chapter 23 |
| Tuesday, October 25 | Measuring the Economy: CPI | Chapter 24 |
| Thursday, October 27 | Measuring the Economy: Unemployment Rate | Chapter 28 |
| Tuesday, November 1 | Economic Growth | Chapter 25 |
| Thursday, November 3 | The Financial System | Chapter 26 |

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| Tuesday, November 8 | The Monetary System | Chapter 29 |
| Thursday, November 10 | Money Growth and Inflation | Chapter 30 [pp.639-654] |
| Tuesday, November 15 | The Open Economy | Chapter 31 |
| Thursday, November 17 | MIDTERM 3 | |
| Tuesday, November 22 | No Class! | |
| Thursday, November 24 | No Class! HAPPY THANKSGIVING! | |
| Tuesday, November 29 | Keynesian Cross Model/AS-AD Model | Keynesian Cross Lecture Notes |
| Thursday, December 1 | AS-AD Model | Chapter 33 |
| Tuesday, December 6 | AS-AD Model | Chapter 33 |
| Thursday, December 8 | Monetary and Fiscal Policies | Chapter 34 |
| Wednesday, December 14 | FINAL EXAM [3:00pm-6:00pm] | |

*Page numbers are from the 8th edition

Tentative Homework Schedule (All assignments are due by 11:59 PM on the due date)

There will be 21 problem sets over the course of the semester. Each assignment will be **equally weighted**. The **lowest 4 homework assignments will be dropped**. I reserve the right to extend the due date, but I will not have the assignment due before the date listed below.

| Assignments | Due Date |
|---|-------------------------|
| Problem Set #1: Chapters 1 and 2 | Wednesday, August 31 |
| Problem Set #2: Math Assessment | Wednesday, August 31 |
| Problem Set #3: Chapters 2 and 3 | Friday, September 2 |
| Problem Set #4: Chapter 4 | Wednesday, September 7 |
| Problem Set #5: Chapter 5 | Friday, September 9 |
| Problem Set #6: Consumer Choice and Chapter 6 | Wednesday, September 14 |
| Problem Set #7: Chapter 7 | Friday, September 16 |
| Problem Set #8: Chapter 8 | Friday, September 16 |
| Problem Set #9: Chapters 10 and 11 | Wednesday, September 28 |
| Problem Set #10: Chapter 13 | Wednesday, October 5 |
| Problem Set #11: Chapter 14 | Friday, October 7 |
| Problem Set #12: Chapter 15 | Wednesday, October 12 |
| Problem Set #13: Chapters 16 and 17 | Friday, October 14 |
| Problem Set #14: Chapters 23 and 24 | Friday, October 28 |
| Problem Set #15: Chapters 25 and 28 | Friday, November 4 |
| Problem Set #16: Chapter 26 | Wednesday, November 9 |
| Problem Set #17: Chapter 29 | Friday, November 11 |
| Problem Set #18: Chapter 30 | Wednesday, November 16 |
| Problem Set #19: Chapter 31 | Wednesday, November 30 |
| Problem Set #20: Keynesian-Cross Model and Chapter 33 | Wednesday, December 7 |
| Problem Set #21: Chapter 34 | Friday, December 9 |

Video Lectures found in the MEDIA GALLERY ON CAT COURSES.

| Video | Length (in Minutes) | Chapter | Topic(s) |
|-------------------|------------------------|---------|--|
| Lecture 1 | (41:29) | 1 | Principles of Microeconomics |
| Lecture 2 | (21:55) | 1 | Principles of Macroeconomics; Positive vs. Normative Economics; |
| Lecture 3 | (17:38) | 2 | Economic Models; Circular Flow Diagrams |
| Lecture 4 | (46:34) | 2 | Production Possibility Frontier |
| Lecture 5 | (26:13) | 3 | Absolute Advantage and Comparative Advantage |
| Lecture 6 | (34:14) | 3 | Gains from Trade |
| Lecture 7 | (22:46) | 4 | The Law of Demand |
| Lecture 8 | (32:07) | 4 | Determinants of Demand |
| Lecture 9 | (19:09) | 4 | Shift vs Movement Along Demand Curve; Market Demand Curve |
| Lecture 10 | (13:18) | 4 | The Law of Supply |
| Lecture 11 | (13:00) | 4 | Determinants of Supply |
| Lecture 12(a)-(b) | (17:07) | 4 | Shift vs. Movement Along Supply Curve; Market Supply Curve |
| Lecture 13 | (19:29) | 4 | Market Equilibrium |
| Lecture 14 | (14:05) | 4 | Solving for Supply and Demand Algebraically |

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| Lecture 15 | (28:38) | 4 | Shifts in Supply and Demand. |
| Lecture 16 | (15:35) | 5 | Introduction to Elasticity; Price Elasticity of Demand |
| Lecture 17 | (29:11) | 5 | Types of Elasticity of Demand; Relationship between Elasticity and Total Revenue |
| Lecture 18 | (28:20) | 5 | Elasticity Changes Along Demand Curve; Determinants of Price Elasticity of Demand. |
| Lecture 19 | (28:22) | 5 | Income Elasticity; Cross-Price Elasticity and Price Elasticity of Supply |
| Lecture 20 | (26:26) | Consumer Choice Lecture Notes | Budget Constraint |
| Lecture 21 | (16:47) | Consumer Choice Lecture Notes | Utility |
| Lecture 22 | (43:12) | Consumer Choice Lecture Notes | Consumer Choice and Utility Maximization |
| Lecture 23 | (27:47) | 6 | Price Controls |
| Lecture 24 | (46:15) | 6 | Taxes on Producers and Consumers |
| Lecture 25 | (46:15) | 6 | Tax Incidence and Elasticity |
| Lecture 26 | (27:30) | 7 | Consumer Surplus |
| Lecture 27 | (26:11) | 7 | Producer Surplus and Total Surplus |
| Lecture 28 | (21:19) | 8 | Review of Taxes |
| Lecture 29 | (25:57) | 8 | Taxes and Economic Welfare |

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| Lecture 30 | (18:05) | 8 | Deadweight Loss and Elasticity |
| Lecture 31 | (23:37) | 10 | Introduction to Externalities |
| Lecture 32 | (21:58) | 10 | Examples of Production Externalities |
| Lecture 33 | (17:59) | 10 | Examples of Consumption Externalities |
| Lecture 34 | (22:50) | 10 | Solutions to Externalities |
| Lecture 35 | (21:46) | 11 | Public Goods |
| Lecture 36 | (14:36) | 11 | Providing Public Goods; Tragedy of the Commons |
| Lecture 37 | (28:27) | 13 | Accounting Profits vs. Economic Profits |
| Lecture 38 | (19:35) | 13 | Production Function |
| Lecture 39 | (58:08) | 13 | Short-Run Costs |
| Lecture 40 | (31:55) | 13 | Long-Run Costs |
| Lecture 41 | (26:04) | 14 | Characteristics of Perfect Competition; Marginal Revenue |
| Lecture 42 | (18:40) | 14 | Profit-Maximizing Output Level |
| Lecture 43 | (17:18) | 14 | Economic Profit Under Perfect Competition |
| Lecture 44 | (31:36) | 14 | Economic Loss Under Perfect Competition |
| Lecture 45 | (22:02) | 14 | Long-Run Equilibrium Under Perfect Competition. |

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| Lecture 46 | (23:39) | 15 | Characteristics of Monopolies |
| Lecture 47 | (40:19) | 15 | Monopolist Decision Making Process |
| Lecture 48 | (38:39) | 15 | Monopoly Outcome vs. Perfectly Competitive Outcome; Social Costs of Monopolies |
| Lecture 49 | (38:52) | 15 | Price Discrimination |
| Lecture 50 | (12:23) | 15 | Policies Dealing with Monopolies |
| Lecture 51 | (18:38) | 15 | Characteristics of Monopolistic Competition; Demand and MR Under Monopolistic Competition |
| Lecture 52 | (17:13) | 16 | Price and Output Determination Under Monopolistic Competition |
| Lecture 53 | (15:22) | 16 | Monopolistic Competition in the Long-Run. |
| Lecture 54 | (22:21) | 17 | Introduction to Oligopolies; The Collusion Model |
| Lecture 55 | (40:35) | 17 | Game Theory; Prisoner's Dilemma |
| Lecture 56 | (44:17) | 17 | Game Theory: Nash Equilibrium |
| Lecture 57 | (53:58) | 23 | Introduction to GDP |
| Lecture 58 | (28:45) | 23 | Calculating GDP |
| Lecture 59 | (20:16) | 24 | Calculating CPI |

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| Lecture 60 | (28:03) | 24 | CPI Biases; GDP Deflator vs CPI; Adjust Past Prices; Intro to Interest Rates |
| Lecture 61 | (36:15) | 28 | Calculating Unemployment; Reasons for Unemployment |
| Lecture 62 | (37:49) | 28 | Explaining Frictional Unemployment; Explaining Structural Unemployment. |
| Lecture 63 | (35:51) | 25 | Calculating Economic Growth |
| Lecture 64 | (25:40) | 25 | Production Function and Worker Productivity |
| Lecture 65 | (32:37) | 25 | Achieving Economic Growth: Savings and Investment |
| Lecture 66 | (44:05) | 25 | Determinants of Economic Growth |
| Lecture 67 | (46:24) | 26 | The Financial System; National Savings |
| Lecture 68 | (34:34) | 26 | Market for Loanable Funds |
| Lecture 69 | (29:44) | 29 | What is Money? What are the Types of Money? How is Money Measured? |
| Lecture 70 | (47:42) | 29 | The Federal Reserve; Bank's Balance Sheet |
| Lecture 71 | (34:56) | 29 | Tools of the Federal Reserve |
| Lecture 72 | (11:53) | 30 | Classical Dichotomy |

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| Lecture 73 | (23:32) | 30 | Quantity Theory of Money |
| Lecture 74 | (18:31) | 30 | Interest Rates and the Fisher Effect |
| Lecture 75 | (40:00) | 30 | Costs of Inflation; Hyperinflation |
| Lecture 76 | (22:24) | 31 | The Open Economy; Savings and Investment in the Open Economy |
| Lecture 77 | (26:09) | 31 | Nominal vs. Real Exchange Rates |
| Lecture 78 | (19:00) | 31 | Purchasing Power Parity |
| Lecture 79 | (42:15) | Keynesian Model Notes | Facts about Economic Fluctuations; The Keynesian Cross Graph |
| Lecture 80 | (44:37) | Keynesian Model Notes | Multiplier Effect; Numerical Example of Keynesian Model; Changing the Slope of the Planned Expenditure Curve |
| Lecture 81 | (37:28) | 33 | Aggregate Demand |
| Lecture 82 | (15:18) | 33 | Long-run Aggregate Supply |
| Lecture 83 | (34:42) | 33 | Short-run Aggregate Supply |
| Lecture 84 (a) – (b) | (32:00) | 33 | AS-AD Model |
| Lecture 85 | (46:22) | 34 | The Money Market |
| Lecture 86 | (38:58) | 34 | Fiscal and Monetary Policies and Stabilization |