

Administrative material, Class structure and Intro to Economics

Econ 1101

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University of Minnesota

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Welcome to Econ 1101!!

1. Administrative Material And Class Structure

Econ 1101: Class Structure

Meeting Times:

- Our Lecture 040:
 - Instructor (Me): Maria Rodriguez
 - Meeting Time: Tuesdays 5:15 – 7:45 pm Hanson Hall 1-107
- Recitation (with your TA):
 - Tuesdays 7:55 – 8:45 pm
 - Section 041 BH 260, TA: Mons Chan
 - Section 071, BH 115, TA: Shiv Dixit

Lectures: do's and don'ts

Do:

- Ask questions!

Don't:

- Chat with your neighbors
- Talk on the phone
- Play loud music

Okay:

- Leaving quietly at any point

Recitations

- This class section has two recitation sections
 - Your TA's: Mons and Shiv
- Smaller sections to go over important material, have debates (more later), and make your Econ 1101 experience more personal
- Think of your TAs and I as a team to help you through this class and make it enjoyable for you

Class Resources

- Instructor (Me) and TAs (Mons and Shiv)
- **My Office Hours:**
 - Office: Hanson Hall 3-161
 - Office Hours: Tuesday 3:00-5:00pm
 - Email: rodri529@umn.edu (subject "ECON 1101")
- **TA's OH:** Wednesday 1:00 -3:00 pm
 - Section 41 (Mons): Hanson Hall 3-103
 - Section 50 (Shiv): Hanson Hall 3-137
- **Class Websites:**
 - Moodle (Class forums, outside readings, practice midterms)
 - Personal Website: www.rodri529.weebly.com
 - Power points when I use them
- Econ department tutor programs

Course information - Syllabus

- Course information, handouts, etc can be found on Moodle.
ay13.moodle.umn.edu
- Read the syllabus!
- The entire Econ 1101 operation consists of multiple lectures and instructors, so the syllabus will be followed to the letter. Make sure you read it carefully!
- http://www.econ.umn.edu/econ1101/econ1101_fall2013_syllabus.html

Evaluation

1. Three common exams
2. Weekly homework (submitted online)
3. Debates (part of that week's homework grade -later)

Course Component	Weight (%)
Homework	20
Midterm 1	22
Midterm 2	22
Final	36
Total	100

- Alternative grading scale (M1: 10% , M2: 27% , F: 43%)

Exams dates and makeups

Exams:

- **Midterm 1:** Monday, Oct. 7, 6:30-7:30pm
- **Midterm 2:** Monday, Nov 11, 6:30-7:30pm
- **Final:** Monday, Dec 16, 6:30-8:30pm

Makeups:

- With a documented reason, you can take a makeup (Wednesday after the regular midterm – final TBA)
- **Makeup Registration Deadline:** Monday one week prior to reg. exam
- Email headgrader@gmail.com

Evaluation: note on Exams

- If you can **document** a conflict with both the regular time and the makeup (if you are sick that week), we will **reweight your other midterm and the final**, there is no **makeup makeup!**
- If you miss both regular midterms and both makeup midterms (if you go 0 for 4), you need to take an incomplete or drop the class.

Homeworks

- Multiple choice, you have 3 tries but still have to make a good effort get something close to the full credit (20% of course grade).
- Homework is due online Tuesday evenings, 11:45 pm **central time**
 - **Late homework** cannot be accepted, even by a few seconds.
 - Flexibility: There are 11 homework assignments, we will drop your lowest 2 (to accommodate illness, sudden internet disruptions, dog ate your computer, etc). Don't need to tell us what you want to drop – we do it automatically
- It may help to do homework before the due date

Homeworks: Aplia

- Homework is **done online at [aplia.com](https://www.aplia.com)**
- Need to pay for an account.
 - Bookstore bundle: (Aplia, hard copy text+online text).
 - **Don't lose code** – the aplia code is not the one printed in the cover of your textbook but the one printed on a cardboard that is inside your book.
 - Or purchase only Aplia (get online text)
<http://login.cengagebrain.com/>

Homeworks: Aplia

- Follow instructions for setting up your Aplia account (link at top of syllabus)
http://www.econ.umn.edu/econ1101/econ1101_fall2013_aplia_instructions.html
- Course key that you will need (its also on Moodle):
DL3E-Y9TP-UA6A
- Note: you will see “Kelvin Wong” listed as the course instructor (even for our lecture)
- **Register with your umn.edu email**
- Demonstration of Aplia in recitation. There is also a “free points” assignment to help you becoming familiar with Aplia.

Moodle website

- Moodle:
 - Common website for all lectures of 1101.
 - Good reference for what we are doing and will be doing.
 - <https://ay13.moodle.umn.edu/course/view.php?id=2630>
- Keep track of:
 - Topics that will be covered each week,
 - Outside readings,
 - complementary textbook chapters
- Forum (on Moodle)
 - Instructors will try to answer questions 2 or 3 days a week
 - You can answer another student's questions.
- Practice Midterms will be available in Moodle with answer key and solution guides.

Lectures and reading assignments

- Lecture is the main deal
 - Text is a **complement**, not a **substitute**.

Notes and Slides:

- I will use the whiteboard most of the time, take notes.
- Some times I will use slides (that will be available in my website)
- Additional slides form the big lecture sections in moodle:
 - Preliminary lecture slides posted at the beginning of the week and annotated slides posted on after class.
 - I will cover the same material but..

Outside Readings (7) at Moodle –for homework and class discussion

Econ 1101

2. Economics and 1101

The class is a “two-for-one”

1. Social Science Core
2. Global Perspectives

As a Social Science Core, it is important to explain:

- how this course contributes to a liberal arts education
- how economics relates to the broader social sciences

Two for one: Goals

As a Social Science economics will:

- give us tools to study social (not just financial or economic) phenomena
- Introduce a logical way thinking, with broad applicability
- Help us understand issues in current policy debates

As a lens for global perspectives,

- this class will focus on applications beyond the States
- frame debates for global externalities and climate change, international trade, and intellectual property protections

You can see the “two-for-one” when you look at the problem sets.

- ① You need to manipulate raw data and you will be using Excel to do this, the kind of thing you need to be doing for a social science core.
- ② This data will always be from a global context. And will shed some light on one of the three issues above.

What is Economics?

A classic definition of Economics (Robbins 1932):

"the science which studies human behavior as a relationship between ends and scarce means"

- In this sense economics can be thought as the study of choice. Choices of individuals to best allocate scarce resources.
 - **Scarcity** as unlimited desires, limited resources

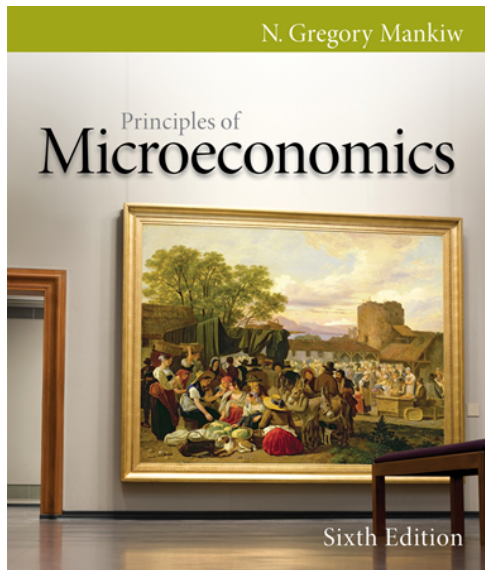
Throughout this course we will see:

- Why do consumers make the decisions that they do? How do they respond to incentives?
- Why do firms make the decisions that they do? How do they respond to incentives?
- How does it all work together?

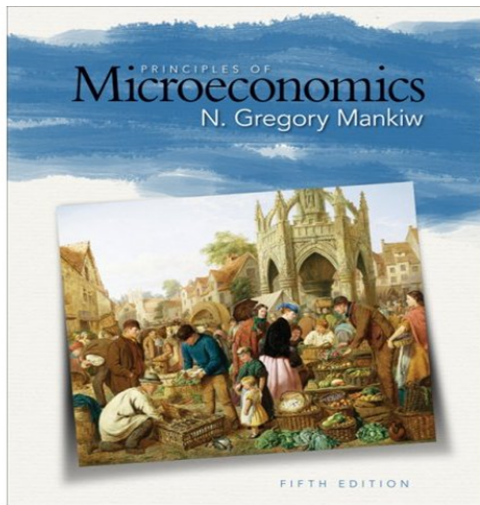
3. How do economist think

Application: Textbooks

6th Edition, price new: \$171.94

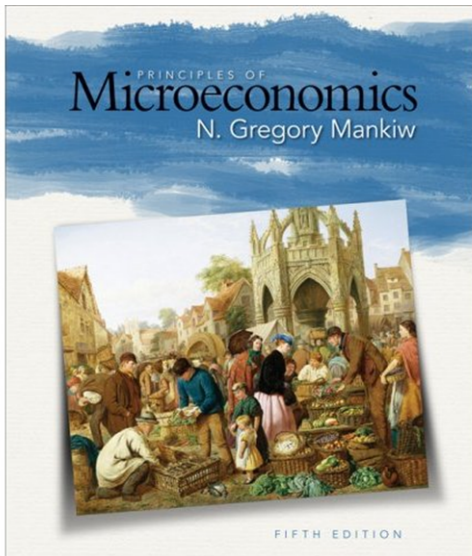


5th Edition, price new: \$70.33

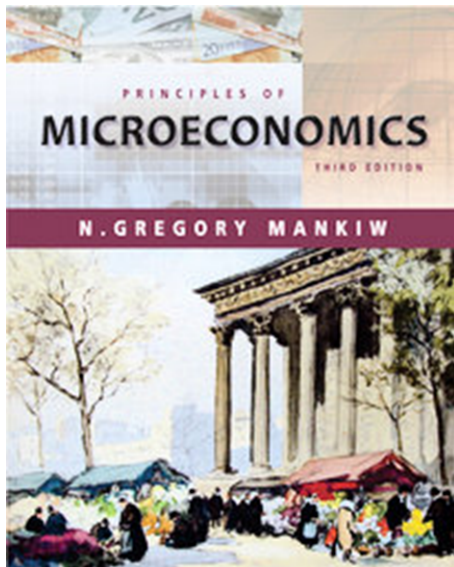


Price used: \$19

4th Edition, price used: \$18



3rd Edition, price used: \$2.5



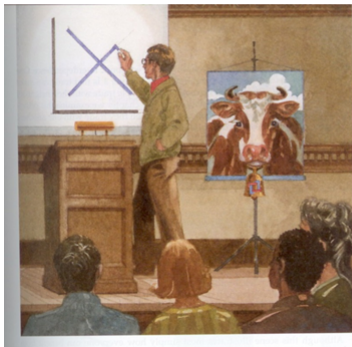
Textbook Economics

So in what way are the new editions better? Why can't you just buy a third, fourth, or fifth edition instead of the sixth edition?

- Suggestions?

What has changed?

3rd Edition



4th Edition



No progress?

5th Edition



6th Edition



Textbook Economics

Why are you being charged for the same book with new pictures?

- Suggestion 1: Textbooks are durable goods
 - Textbooks last a long time (3rd edition is from 2003..)
 - We sell books back at the end of the semester and are then resold, reducing new sales

Textbook Economics

What can a firm (book publisher) do?

- Kill used books, how?

1. Change page and problem numbers: new editions (every 3 years)
2. Bundle content, like online homework, so payment is mandatory :(
3. Mutilate books when the opportunity arises. Like for you. (For our bundle: the publisher actually incurred higher costs to mutilate our hard copies...and kill off resale potential)

Textbook Economics

Why are you being charged for the same book with new pictures?

Suggestion 2: Demand for Textbooks is Inelastic (relatively insensitive to price). So there is an incentive for firms to set a high price

- Textbooks are a small cost of total college costs. So students (or parents) pay the high prices so as to not mess up the investment.

Incentive Problem for Professors/Instructors:

- Don't pay for the books themselves. Like doctors prescribing medicine not ordering generic versions of drugs.

Main idea: book **prices do not affect the demand** and professors don't feel the cost

Textbook Economics

- Our analysis of textbooks gives us an idea of how economists like to look at the world.
 - We use economic concepts (durability and elasticity) to explain real life problems (the price of your textbooks)
- How do Economists solve problems? They use models.

4. How do economists solve problems?

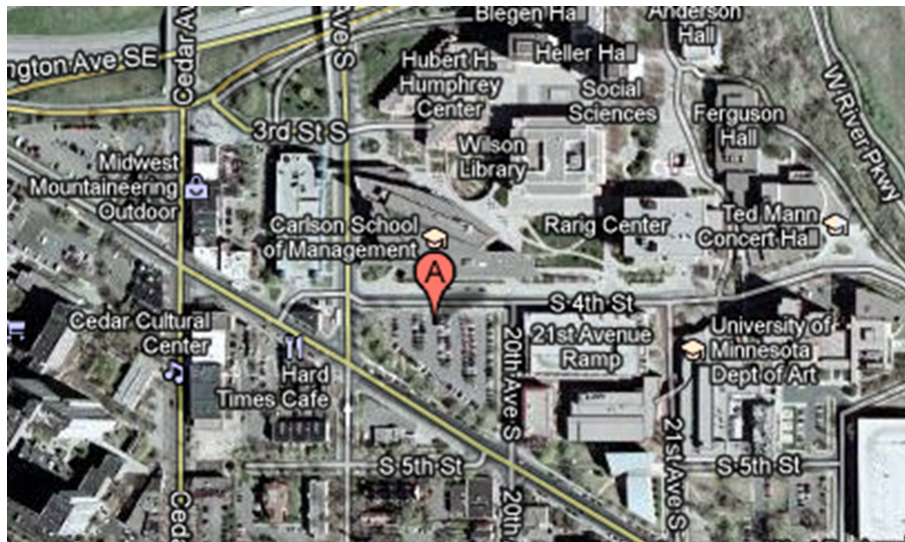
Models

Economic Models

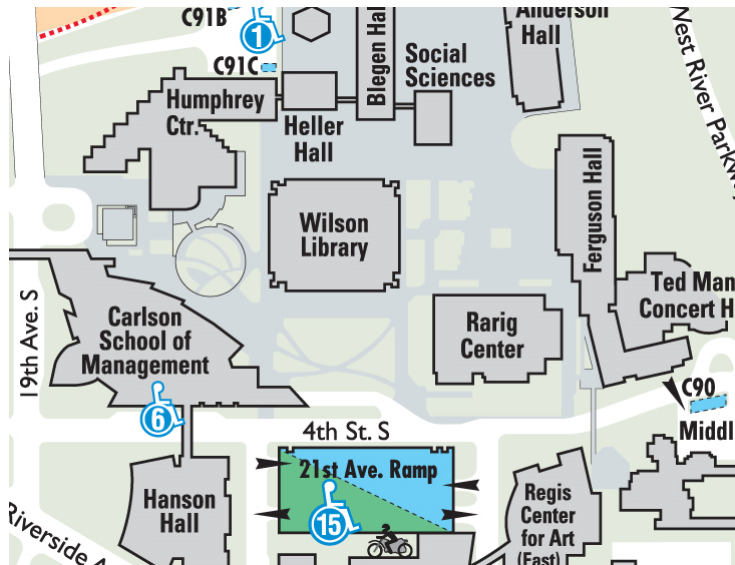
How do Economists solve problems? We use models.

- Economic models are simplifications of the real world (could be very complex) that attempt to explain some issue and how it works.
- Economic models can be thought of like a map.
- If I were to explain to you how to get to Hanson Hall, I could:

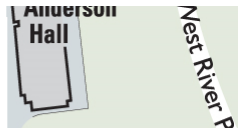
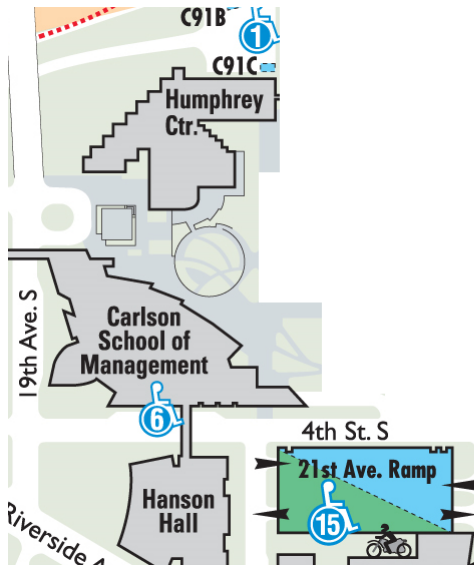
Show you a map



Show you a less detailed map



Show you a even less detailed map



Or draw you one



Economic Models, cont.

- All of those maps were trying to explain the same things, but some with more detail than others.
- In the same way, when we study human behavior and choice, there are way too many variables to account for everything.

Economic Models, cont.

- So, as economists, we simplify things by making models that perhaps are not exactly like real life, but that will still tell us something about the world and how it works.
- Sometimes we use simple models, why?
 - There are more variables than the ones we want to study
 - Sometimes we can get a satisfying explanation of the issue with simple models.
- For example, we make assumptions like there are infinitely many producers, or that goods are infinitely divisible.