

Eco 1: PRINCIPLES OF ECONOMICS
Spring Semester 2012, Lehigh University

Frank R. Gunter – Associate Professor

Lectures: Tuesday and Thursday, 1:10 – 2:25 PM, Rauch Business Center, Room 184
Tuesday and Thursday, 2:35 – 3:50 PM, Rauch Business Center, Room 184

Friday recitations are an integral component of Eco 1.
Attendance at the weekly recitations is mandatory.

Office: Rauch Business Center, Room 470
Hours: Every Tuesday, 4 – 7 PM and by appointment
E-mail: frg2@lehigh.edu

Course Description: Economics 1 is a one-semester four-credit course in the principles of economics. General topics covered are: supply and demand; pricing and production decisions of firms; the role of government in the economy; the determination of national income; money and banking; monetary and fiscal policy; and government finance. (SS)

Learning Objectives: Upon completion of this course, students should be able to:

1. Define scarcity, opportunity cost, elasticity of demand and supply, inflation, unemployment, and gross domestic product.
2. Identify a production possibility frontier and use the frontier to demonstrate the potential for growth in an economy and to illustrate the concept of opportunity cost.
3. Illustrate the process by which supply and demand for a product converge to market equilibrium.
4. Analyze price ceilings, price floors and tax burdens using the supply and demand model.
5. Define standard business organizational forms, stocks and bonds, present value and economic profit.
6. Demonstrate with graphs and verbal analysis the essential features of short-run and long-run production costs for firms.
7. Apply the concepts of marginal analysis and opportunity costs to consumer theory and to the profit-maximizing behavior of firms in both competitive and monopolistic markets, and compares competition to monopoly on efficiency grounds.
8. Apply the model of aggregate supply and aggregate demand to make predictions about inflation and real gross domestic product.
9. Understand the necessary conditions for an economy to experience sustained, long-term growth.
10. Explain the money creation process.
11. Explain the mechanics of fiscal and monetary policies, and evaluate how well various policies promote economic growth and stability.

Academic Integrity: Lehigh University expects that all students will act in a manner that reflects personal and intellectual honesty.

Proscribed conduct includes cheating and plagiarism.

Cheating includes but is not limited to:

1. The use of any unauthorized assistance in taking quizzes, tests, or examinations. The possession at any quiz or examination of any articles that are prohibited will be regarded as evidence of responsibility.
2. The dependence upon the aid of sources beyond those authorized by the instructor in writing papers, preparing reports or homework, solving problems, or carrying out other assignments.
3. The acquisition, without permission, of tests or other academic material belonging to a member of the university faculty or staff.
4. Any attempt to falsify an assigned grade in an examination, quiz, report, program, grade book, or any other record or document.
5. The creation and/or submission of falsified data in any experiment, research paper, laboratory assignment, or other assignment.
6. Collusion occurs when students willfully give or receive unauthorized or unacknowledged assistance. Both parties to the collusion are considered responsible.

Plagiarism includes but is not limited to the direct use or paraphrase, of the work, themes or ideas, of another person without full and clear acknowledgement.

Texts:

Hubbard, R.G. and A.P. O'Brien (2010) *Economics, Third Edition*, Upper Saddle River, New Jersey: Pearson Prentice Hall. (Required)

Access to *MyEconLab*. Registration information will be provided during second class of semester. (Required)

Lecture and Quiz Schedule:

Part 1: Introduction

January 17 th	Economics: Foundations and Models	Chap. 1 & Appendix
January 19 th	Trade-offs and the Market System	Chap. 2
January 24 th	Interaction of Demand and Supply	Chap. 3
January 26 th	Economic Efficiency, Price Setting and Taxes	Chap. 4

Part 2: Markets in Action

January 31 st	Market Failure	Chap. 5
February 2 nd	Elasticity	Chap. 6

Part 3: Comparative Advantage

February 7 th	Firms and Investment Options	Chap. 7 & Appendix
February 9 th	Personal Finance	
February 14 th & 16 th	Comparative Advantage	Chap. 8

February 21st, 4 PM (Tuesday) First Quiz

Part 4: Microeconomic Foundations

February 23 rd	Consumer Choice	Chap. 9
February 28 th	Technology, Production and Costs	Chap. 10

Part 5: Market Structure and Firm Strategy

March 1 st	Perfectly Competitive Markets	Chap. 11
March 5 th through 9 th	Spring Break – No Classes Held	
March 13 th	Monopoly	Chap. 14
March 16 th	Monopolistic Competition	Chap. 12
March 20 th	Entrepreneurship	Paper on CourseSite
March 22 nd	Oligopoly and Pricing Strategy	Chap. 13&15

Part 6: Markets for Factors of Production

March 27 th	Markets for Labor and Other Factors	Chap. 16
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Part 7: Information

March 29 th	Information and Public Choice	Chap. 17&18
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April 3rd, 4 PM (Tuesday) Second Quiz

Part 8: Macroeconomic Foundations and Long-Run Growth

April 5 th	GDP, Unemployment, Inflation	Chap. 19&20
April 10 th	Long-Run Economic Growth and Business Cycles	Chap. 21&22

Part 9: Short-Run Fluctuations

April 12 th	Output and Expenditure in the Short-Run	Chap. 23
April 17 th	Aggregate Demand and Supply	Chap. 24

Part 10: Monetary and Fiscal Policy

April 19 th	Money, Banks and the Federal Reserve	Chap. 25
April 24 th	Monetary Policy	Chap. 26

Part 11: The International Economy (This is an important topic but, because of time constraints, it will not be covered.)

April 28th (Saturday) Review/Consultation/Study for Eco 1

TBD Final Exam Cumulative (Parts 1-10)

Homework: Carefully completing assigned homework leads to both better understanding and grades. Homework will be assigned on MyEconLab almost every Friday starting on the second Friday of the Semester. Completed homework must be submitted no later than *noon* on the following Wednesday. A late homework will receive half-credit. *It doesn't make any difference why the homework is late – your fault, my fault, the TA's fault, the computer's fault, the dog's fault, a "meteor crashed through my dorm roof and broke my leg and by the time I returned from the emergency room, it was Wednesday afternoon" fault – any homework received later than noon on Wednesday will receive half credit.*

Grading System:

First Quiz (Tuesday, February 21st) 20%

Second Quiz (Tuesday, April 3rd) 25%

Homework 5%

Recitation participation and attendance, and curve busters 10%

Final Exam 40%

The Eco 1 Final Exam is cumulative. Half of the questions will be on the material similar to that covered in the two quizzes (Parts 1 - 7) while the other half will be on the material in the last third of the course (Parts 8 – 10).

You are required to take the quizzes, submit homework, and participate in the recitations – ***participating in the recitations are not optional***. If you are unable to take a quiz then contact your TA or me as soon as possible. If an excused absence is obtained for a quiz then your final exam will count as both the final and the excused quiz. For example, if you received an excused absence for the first quiz (February 21st) then your final exam will count for 60% of your course grade. If one or both of your 4 O'clock quizzes conflicts with that of another class then please notify me by email as soon as possible.

Curve busters are unannounced quizzes that are administered during the lecture hour. At least six curve busters will be given and the lowest two curve busters' scores will not be included in your grade.

Important! Do not make your end-of-the-semester airline or other travel reservations until the final exam schedule is published. "I have a non-refundable ticket!" is not a valid excuse to miss or reschedule the final exam. Please note that the last day for final exams this semester is May 9th!