

# Introduction to Economics (ECO 100)

## Hunter College

### Fall 2019

#### Partha Deb

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#### Office Hours

Tuesday 9:30 am – 11:00 am

Thursday 2:30 pm – 4:00 pm

Friday 1:30 pm - 3:00 pm

by appointment

## Course description

The field of economics has created powerful insights into human social interactions that have fundamentally shaped the modern world. In this course, we will explore these big economic ideas. We will discuss what it means to think like an economist, how you can use economic thinking to make the world a better place, and also how sometimes thinking like an economist can get you into trouble.

Economists obsess about behavioral incentives. This course focuses on how incentives shape individual behavior and choices, and the implications of these choices for the economy and well-being in society. The course will also introduce students to the central role of data in economic analysis.

## Learning objectives

In this course you will learn how to use some important tools in economic analysis. With these methods and tools, you will conduct a variety of economic analyses. You will learn to

- describe and explain economic behavior of individuals, markets and countries
- analyze the effects of changes in the economic environment, both naturally occurring and through changes in economic and social policy
- describe economic environments using graphical representations (models)
- analyze economic phenomena using those graphical models
- collect, organize and interpret data to explain economic and social phenomena.

## Attendance and class participation

I strongly recommend regular attendance and active participation in class. Attendance is recorded and reported in accordance with Hunter policies. If you should miss a lecture, you are responsible to keep fully informed about class material discussed and all course changes, should they occur.

I disallow texting, tweeting, emailing, blogging, posting, browsing, Instagramming, SnapChatting Googling, shopping, etc., during class. It wastes your class-time (and money) since you won't learn anything if you're distracted. And it's frequently distracting to your classmates. If I notice that you are engaging in distracting technology use, I will ask you to shut it down or take it elsewhere.

## Required course materials

- Essentials of Economics, N. Gregory Mankiw
- The Undercover Economist, by Tim Harford
- Freakonomics, by Steven Levitt and Stephen Dubner

- All course materials for ECO 100 are included in a Mindtap / Cengage Unlimited subscription. You don't have to purchase it immediately, but you will need to within two weeks.
- Whether you purchase immediately or not, you should register for the course *immediately*. The textbook, homework and study materials are all available upon registration.
- To Register without purchasing Cengage Unlimited, go to [getenrolled.com](http://getenrolled.com)
- Enter this Course Key: MTPQRLBNLC9J
- Follow the on-screen instructions to complete your MindTap registration
- Before your free trial expires, you will need to purchase a Cengage Unlimited subscription. If you are an accounting or economics major you should purchase the 1 or 2 year subscription. It is much more cost effective.
- If you aren't taking more than one course using Cengage, purchase the 1 semester access. Not that courses in other departments also use Cengage Unlimited so it may be more cost effective to buy a longer subscription anyway.

Cengage Unlimited		
Subscription Length	Printed Card ISBN	Price
1 semester access	9780357700037	\$119.99
1 year access	9780357700044	\$179.99
2 year access	9780357700051	\$239.99

- If you realize after purchasing that you should have purchased a longer subscription, you can upgrade for the balance price via Cengage within the first 2 weeks of classes.
- You can purchase Cengage Unlimited with financial aid through the bookstore with no markup.
- You will be offered the ability to order a print-rental for the cost of shipping (\$7.99). The Cengage Unlimited print rental fulfillment process will be handled by Cengage, not the bookstore.

You will be responsible for all material discussed in class. Most of this material will be taken from your textbook, but I will cover certain topics that are not in your textbook. You will *not* be responsible for material that is in your textbook but not covered in class. Mankiw is the textbook. The Undercover Economist and Freakonomics are inexpensive and make for good reading. I'll post a chapter or two of each as formal reading, but you should consider reading them fully.

## Assignments

You will use an online portal – MindTap – to do preparatory work for classes, homework, and as a launch point for additional materials. This is required.

## Exams

You will have two mid-term exams and a cumulative final exam. I will announce the date of the mid-terms in class sufficiently prior to each exam. The final exam will be held on **Tuesday 12/17/2019 from 9:00 am - 11:00 am**. Note this now as I do not take kindly to missed exams. See below for how I deal with them in terms of grading.

## Grading

The assignments taken together will account for 30% of your course grade. Weekly assignments will have equal weight and the lowest assignment score will be dropped before the aggregate score is calculated.

Each midterm will account for 20% of your grade and the final will account for 30% of your grade.

No make up exams will be given. If you have a very good reason (according to me) for not being able to take an exam I will impute a score at the end of the semester based on your overall performance. If you miss an exam, you must talk to me about it as soon as possible.

## **Academic Integrity**

Academic dishonesty will not be tolerated. No dictionaries, cell phones, headphones, or PDAs of any kind are allowed during exams, nor is talking to other students, however briefly.

Hunter College regards acts of academic dishonesty (e.g., plagiarism, cheating on examinations, obtaining unfair advantage, and falsification of records and official documents) as serious offenses against the values of intellectual honesty. The College is committed to enforcing the CUNY Policy of Academic Integrity and will pursue cases of academic dishonesty according to the Hunter College Academic Integrity Procedures.

## **ADA Policy**

In compliance with the American Disability Act of 1990 (ADA) and with Section 504 of the Rehabilitation Act of 1973, Hunter College is committed to ensuring educational parity and accommodations for all students with documented disabilities and/or medical conditions. It is recommended that all students with documented disabilities (Emotional, Medical, Physical, and/or Learning) consult the Office of AccessABILITY, located in Room E1214B, to secure necessary academic accommodations. For further information and assistance, please call: (212) 772- 4857 or (212) 650-3230.

## **Policy on Sexual Misconduct**

In compliance with the CUNY Policy on Sexual Misconduct, Hunter College reaffirms the prohibition of any sexual misconduct, which includes sexual violence, sexual harassment, and gender-based harassment retaliation against students, employees, or visitors, as well as certain intimate relationships. Students who have experienced any form of sexual violence on or off campus (including CUNY-sponsored trips and events) are entitled to the rights outlined in the Bill of Rights for Hunter College.

Students are strongly encouraged to immediately report incidents by calling 911, contacting NYPD Special Victims Division Hotline (646-610-7272) or their local police precinct, or contacting the College's Public Safety Office (212-772-4444). Students are also encouraged to contact the College's Title IX Campus Coordinator, Dean John Rose (jtrose@hunter.cuny.edu or 212-650-3262) or Colleen Barry (colleen.barry@hunter.cuny.edu or 212-772-4534) and seek complimentary services through the Counseling and Wellness Services Office, Hunter East 1123.

## **Tutoring center**

The Economics department has a tutoring center. Student experts will be available to help you with the material for this course. Please check <http://econ.hunter.cuny.edu/tutoring/> for additional information.

## Course outline

The following outlines the chapters and sections in your textbook that you need to read. Most chapters need to be read completely even if only a few sections are listed.

### 1. Thinking Like an Economist

- a. Social Science
- b. Devise Theories
- c. Economic Models
- d. Collect Data
- e. Analyze Data

[READ](#) Mankiw – Chapter 2

[READ](#) Freakonomics – Chapter 1

[READ](#) Undercover Economist – Chapter 1

### 2. First Principles

- a. People Face Trade-offs
- b. Opportunity Cost
- c. Rational People Think at the Margin
- d. People Respond to Incentives
- e. Trade Can Make Everyone Better Off
- f. Markets Are Usually a Good Way to Organize Economic Activity
- g. Governments Can Sometimes Improve Market Outcomes

[READ](#) Mankiw – Chapter 1

[WATCH OR READ TED Talk: Thomas Thwaites – How I built a toaster from scratch](#)

### 3. Supply and Demand

- a. What Is a Market?
- b. What Is Competition?
- c. Demand
- d. Supply
- e. Equilibrium
- f. Analyzing Changes in Equilibrium

[READ](#) Mankiw – Chapter 4

[WATCH OR READ Why do drug dealers live with their mothers?](#)

### 4. Price Controls and Quotas: Meddling with Markets

- a. Price Ceilings
- b. Price Floors
- c. Quotas
- d. Taxes
- e. Tax Incidence

[READ](#) Mankiw – Chapter 6

### 5. Supply, Demand and Taxes

- a. Consumer Surplus

- b. Willingness to Pay
- c. Producer Surplus
- d. Market Efficiency
- e. Price Controls and Market Efficiency

READ Mankiw – Chapter 7

## 6. Supply, Demand and Taxes

- a. The Benefits and Costs of Taxation
- b. The Deadweight Loss of Taxation

READ Mankiw – Chapter 8

READ Fortune: The ‘invisible hand’ has an iron grip on America

READ Undercover Economist – Chapter 3

## 7. Supply, Demand and International Trade

- a. The Determinants of Trade
- b. The World Price and Comparative Advantage
- c. The Winners and Losers from Trade
- d. The Effects of a Tariff
- e. The Arguments for Restricting Trade

READ Mankiw – Chapter 9

READ On trade, angry voters have a point

## 8. Collecting Evidence

- a. Randomized trial in the lab
- b. Randomized trial in the field
- c. Naturally occurring quasi-experiments
- d. Observational data

ACTIVITY Classroom experiment

ACTIVITY Why do equilibrium prices vary - an observational study

READ MP3 player “sale” exposes Amazon’s flexible prices

READ Freakonomics – Chapter 4

READ How do academic economists use A/B testing?

## 9. Analyzing Evidence

- a. Visualize data
- b. Use statistics to summarize features and relationships
- c. Correlation or causation

READ TBD

## 10. When Markets Fail

- a. Externalities
- b. Common Resources
- c. Public goods
- d. Asymmetric information

READ Mankiw – Chapter 10

READ Mankiw – Chapter 11

READ Undercover Economist – Chapter 4

READ Universal health insurance is a common good

LISTEN OR READ Pontiff-icating on the Free Market System

WATCH OR READ Government as investor, risk taker, innovator

## 11. Strategic Interactions

- a. The Two-player Game
- b. Strategies
- c. Nash Equilibrium

READ

## 12. GDP and CPI: tracking the macroeconomy

- a. Measuring a Nation's Income
- b. The Economy's Income and Expenditure
- c. The Measurement of Gross Domestic Product
- d. Real versus Nominal GDP
- e. Is GDP a Good Measure of Economic Well-Being?
- f. Measuring the Cost of Living
- g. How the Consumer Price Index Is Calculated
- h. Inflation

READ Mankiw – Chapters 15 and 16

READ TBD

## 13. Unemployment

- a. Unemployment
- b. How Is Unemployment Measured?
- c. Why Are There Always Some People Unemployed?

READ Mankiw – Chapter 20

WATCH OR READ Why are there still so many jobs?