

Lecture 1(i) (week 1, part i)

Welcome to Econ 1101!

First order of business:

Common Evening Midterms

Midterm 1.

Mon. Oct 11, 7:00-8:15 pm
(makeup Wed, Oct 13, 4:00 pm)

Midterm 2

Mon. Nov. 15, 7:00-8:15 pm
(makeup Wed, Nov 17, 4:00 pm)

Final Exam

Fri: December 17, 6:30-8:30 pm
(Makeup, Wed., Dec. 22)

If you can document a conflict with a Monday midterm, you can take the Wed. makeup.

Email headgrader@gmail.com

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.

Course Information is at
moodle.umn.edu

Read the syllabus.

This is a huge class (over 1600 students) so we need to be consistent and abide by the syllabus to the letter.

We have designed the system to be flexible in accommodating the random things that happen to students. But it is flexible in a very **precise** way.

Example: homework due online
Tuesday evening, 11:45pm **c.s.t.**

Late homework **not** accepted.

Here's the flexibility: There are 11 homeworks and we drop 2 of them.

- So if you are sick and can't turn in a problem set, that is one of your drops.
- If your internet goes down at 11:30 pm, that is one of your drops.

(Have a week to do these, so you might want to submit it early in case you are sick, in case internet goes down.)

How the Class is Going Work

- **Lecture** is the **main deal**.
 - Text is a **complement**, not a **substitute**.
 - The overheads from lecture will be posted at Moodle after class.
 - A preliminary version (with blank spots to be filled in) is posted by midnight before lecture.
- Reading Assignments
 - Text
 - Outside Readings (8) at Moodle

- **Recitation**
 - Small group activities
 - Ask questions!!!
- **Weekly Forum (at Moodle)**
 - Trying this for the first time
 - Aiming to have an instructor answer questions 2 or 3 days a week
 - We'll see if it works.
- **Homework**
 - Cards are stacked in your favor (3 tries...)
 - But still have to make a good effort get something close to the full credit (20% of course grade).

- Exams

- Multiple choice, computer graded.
- Look at old midterms at Moodle.

Aplia

- Homework done online at apia.com
- Need to pay for an account. :(
 - \$92.25 Bookstore bundle: (apia, hard copy text+online text) **Don't lose Code**
 - \$80 at Aplia (get online text)
- Follow instructions for picking your Aplia section (link at top of syllabus)

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

A Liberal Art Education Provides General Skills

Yes economics is essential for those who will work in business or policy spheres. **Beyond career skills**, economics

- Develops tools students can use to satisfy curiosity about social phenomena that have big impacts on their lives.
- Teaches a logical way of thinking, with broad applicability throughout social science.
- Helps students understand issues at stake in some of the great policy debates of our time.

Global Perspectives

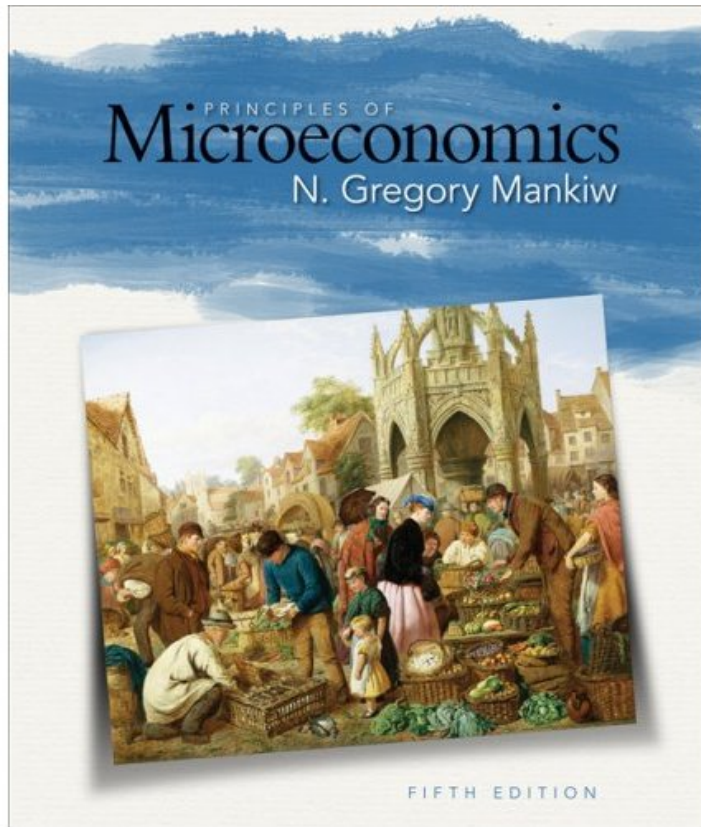
The entire focus of the class will be beyond our borders. When the U.S. makes an appearance, it will be in its role in the global economy. In particular we will address:

1. Global Externalities and Climate Change
2. International Trade and its Impacts
3. Intellectual Property Protection in the Global Economy

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.

Textbook Economics

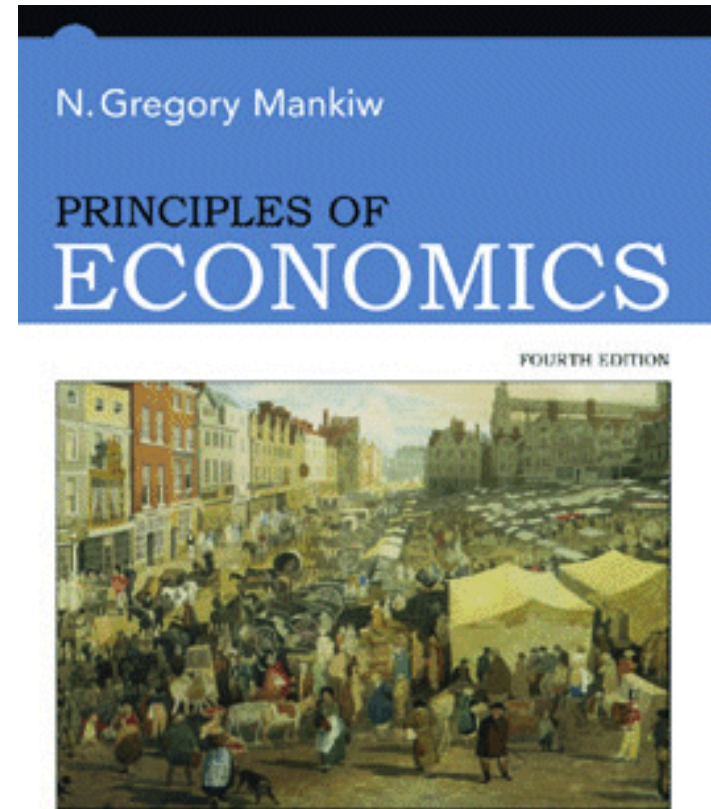


5th Edition (2009)

List \$175.02

Amazon new: \$132.33

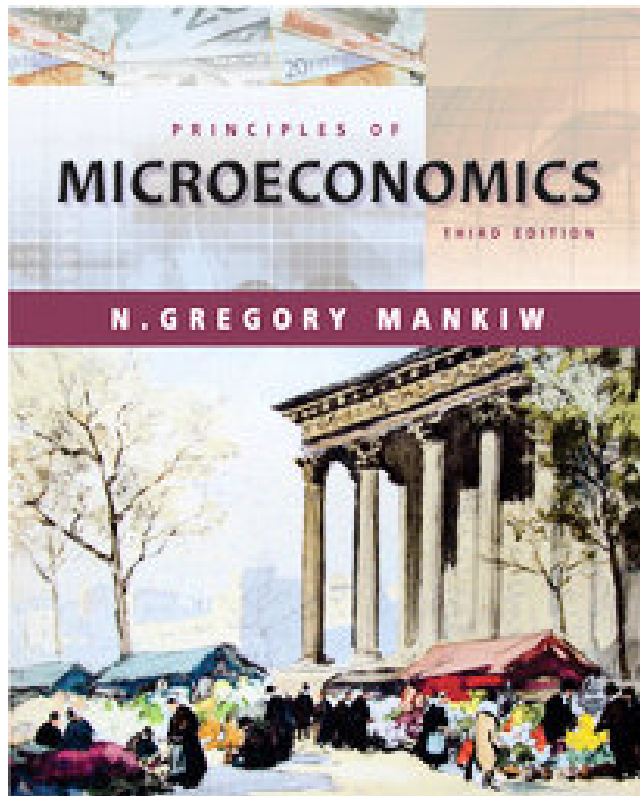
Used: \$78.00



4th Edition (2007)

New: \$111 (when I taught class last)

Used: \$21.49 amazon marketplace

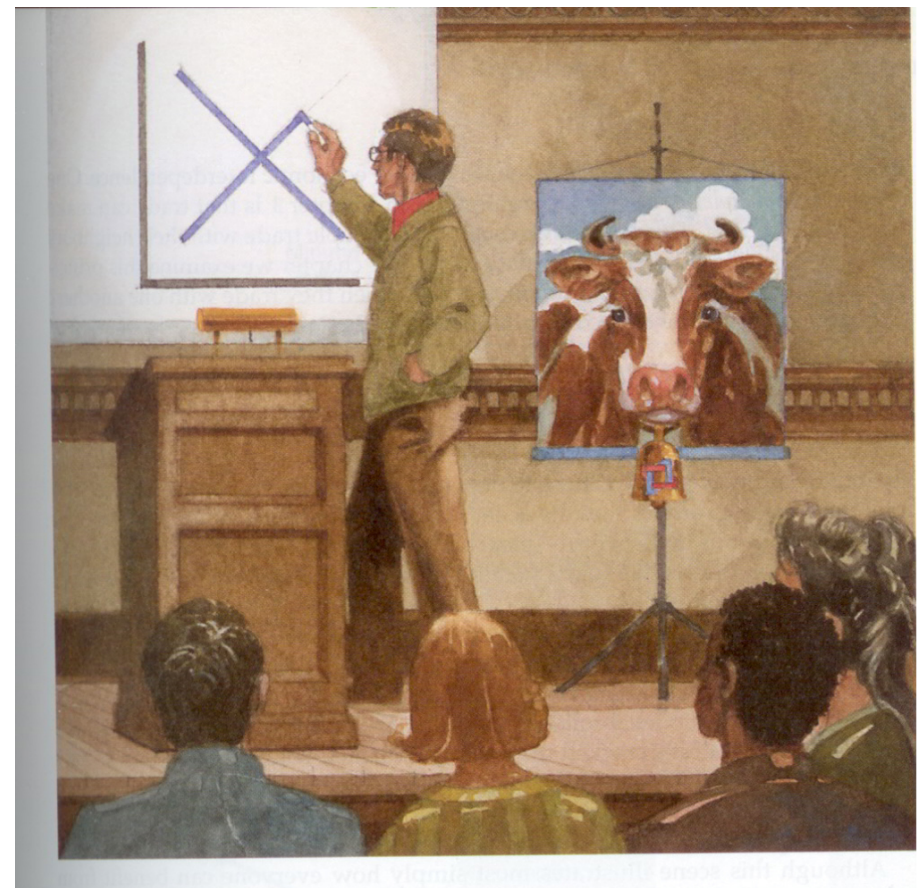


3rd Edition (2003)
\$5.13 at Abebooks.com

And in what way are the new editions better?

The pictures! (Text is the same)

3rd Edition:
Boring Old Male Professor with
Whiteboard



4th Edition

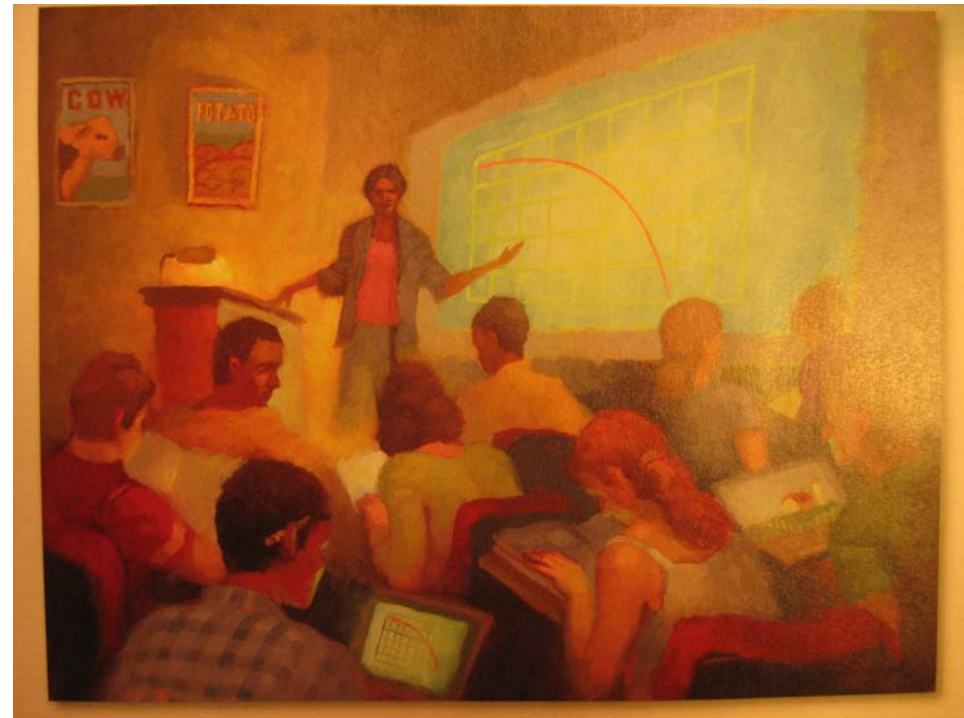
Female Professor with Powerpoint!



Note: cow still there.

5th Edition

Cool Female Professor
Plus Students Get Laptops!



*Still get cow.

Lessons from textbook Industry

Lesson 1. Durable Good

- Like a car (not like a burrito)
- New edition comes out, sell to everybody first semester. Students sell them back to the bookstore and after the first semester used books drive down new books sales.
- Unlike a car, consumer needs a book for a short time. .

What is a book publisher to do?

Answer: Kill off the used market.

Strategy 1: New edition (every 3 years) Most importantly, change page and problem numbers.

Strategy 2: Bundle content, like online homework, so payment is mandatory.

Strategy 3: Mutilate books when the opportunity arises. Like for you. (For our bundle: the publisher incurred higher costs to mutilate our hard copies...and kill off resale potential)

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

For students, price of textbook a small part of the much larger cost of being in college . So students (or parents) pay the high prices so as to not mess up the investment.

Incentive Problem for Professors
(Don't pay for the books themselves.
Like doctors prescribing medicine not ordering generic versions of drugs.)