

ECON 101: Introduction to Economics

Summer Session I 2015

Instructor: Ben Labe

benlabe@live.unc.edu

Class Hours: Mon.-Fri., 9:45-11:15 am, Smith Hall 107
Office Hours: Mon.-Fri., 11:30 am-1 pm, Phillips Annex 104

Textbook: *Economics*, Third Edition, by Paul Krugman and Robin Wells.

Midterm Exam: Friday, June 5, during class.

Final Exam: Monday, June 15, during class. (This is the final day of lectures.)

Scheduling Notes No class will be held on Monday, May 25 (due to Memorial Day) or Friday, June 12 (due to my being out of town).

Course Summary: Economics is a subject whose scope of study pervades much of our daily life, so it is essential that as citizens we understand it on at least a basic level. This course is intended to familiarize students with the fundamental concepts governing our economic interactions, institutions, and policies, and to furnish them with an analytical framework with which to view the functioning of economies in a more critical light.

Course Outline

Time permitting, we will cover the following chapters from the textbook. In order to engage with the material to the fullest, I suggest that you remain, in your readings, about two chapters ahead of the lectures. I will sometimes be covering up to two chapters during a single period.

1. What is Economics?
 - (a) Introduction- “The Ordinary Business of Life”
 - (b) Chapter 1- “First Principles”
 - (c) Chapter 2- “Economic Models: Trade-offs and Trade”
2. Supply and Demand

- (a) Chapter 3- “Supply and Demand”
 - (b) Chapter 4- “Consumer and Producer Surplus”
 - (c) Chapter 5- “Price Controls and Quotas: Meddling with Markets”
 - (d) Chapter 6- “Elasticity”
3. Individuals and Markets
- (a) Chapter 7- “Taxes”
 - (b) Chapter 8- “International Trade”
4. Economics and Decision Making
- (a) Chapter 9- “Decision Making by Individuals and Firms”
5. The Consumer
- (a) Chapter 10- “The Rational Consumer”
6. The Production Decision
- (a) Chapter 11- “Behind the Supply Curve: Inputs and Costs”
 - (b) Chapter 12- “Perfect Competition and the Supply Curve”
7. Market Structure: Beyond Perfect Competition
- (a) Chapter 13- “Monopoly”
 - (b) Chapter 14- “Oligopoly”
 - (c) Chapter 15- “Monopolistic Competition and Product Differentiation”
8. Microeconomics and Public Policy
- (a) Chapter 16- “Externalities”
 - (b) Chapter 17- “Public Goods and Common Resources”
 - (c) Chapter 18- “The Economics of the Welfare State”
9. Factor Markets and Risk
- (a) Chapter 19- “Factor Markets and the Distribution of Income”
 - (b) Chapter 20- “Uncertainty, Risk, and Private Information”
10. Introduction to Macroeconomics
- (a) Chapter 21- “Macroeconomics: The Big Picture”
 - (b) Chapter 22- “GDP and CPI: Tracking the Macroeconomy”
 - (c) Chapter 23- “Unemployment and Inflation”

11. Long-Run Economic Growth
 - (a) Chapter 24- “Long-Run Economic Growth”
 - (b) Chapter 25- “Savings, Investment Spending, and the Financial System”
12. Short-Run Economic Fluctuations
 - (a) Chapter 26- “Income and Expenditure”
 - (b) Chapter 27- “Aggregate Supply and Aggregate Demand”
13. Stabilization Policy
 - (a) Chapter 28- “Fiscal Policy”
 - (b) Chapter 29- “Money, Banking, and the Federal Reserve System”
 - (c) Chapter 30- “Monetary Policy”
 - (d) Chapter 31- “Inflation, Disinflation, and Deflation”
 - (e) Chapter 32- “Crises and Consequences”

Grading and Course Policies

- Final grades will be determined by the following:
 - Midterm Exam 25%
 - Final Exam 35%
 - Short Essays 30%
 - Participation 10%

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| A | 93-100% | C | 73-76% |
| A- | 90-92% | C- | 70-72% |
| B+ | 87-89% | D+ | 67-69% |
| B | 83-86% | D | 60-66% |
| B- | 80-82% | F | 0-59% |

- **Test Policy**

I will not allow makeup tests for the midterm. If you miss the midterm for any reason, then its weight will be added to your final so that your final will be worth $35\% + 25\% = 60\%$ of your total grade. Furthermore, if your final exam score exceeds your midterm score, then I will automatically drop the midterm and add its weight to the final, giving those who have attended the midterm a slight but deserved advantage. It is the policy of UNC to have a mandatory final exam. You may not miss the final and pass this class. If you have an emergency which causes you to miss the final, then you will need to provide a documented excuse to the Deans office (not to me) in order to be eligible to make it up. I have not yet determined the structure of the exams.

- **Short Essays**

As the semester progresses, I will assign you to write three short essays related to selected readings from popular media outlets. Each essay must be a maximum of 2 pages of double-spaced Times New Roman font and 1-inch margins. You will have approximately one week to complete each one.

- **Practice Problems**

To assist with your studying, I plan to release regular practice problems for you to try. These problems will not be graded but will resemble the kinds of problems that you will see on the tests. For further practice, you should also try the problems found at the end of each chapter. Although these may not be structured like the problems that you will face during the tests, they will force you to address much of the content that is significant.

- **Attendance Policy**

Despite class participation contributing to your total grade, I will not be taking regular attendance in this class. I suspect, however, that those who neglect to come to class will fare worse than they would have otherwise. Additionally, since participation cannot occur if you do not attend class, I do reserve and will exercise the right to deny you participation credit if you become too scarce. If you know that you will not be able to attend a given lecture, that is not a problem. You can always catch up by reading the relevant chapter(s) and either attending my office hours or discussing them with your classmates. But too many absences may potentially prevent you from receiving an A.

- **Electronic Policy**

This semester, I have decided to impose a ban on the use of electronic devices (including laptops) during lectures. Such devices have been shown to distract not only the students using them, but surrounding students as well. For a brief summary of recent findings on the matter, you can peruse [this article](#).

- **Honor System**

The University of North Carolina has a proud tradition of maintaining and upholding an Honor System that binds its members, among other things, to a promise not to lie, cheat, or steal. As willing members of the university, we are all bound by the Honor Code, I as well as you.