

## ECONOMICS 101-8: INTRODUCTORY ECONOMICS

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Ec 101R, Section \_\_\_\_\_  
 T.A. \_\_\_\_\_  
 T.A. Office \_\_\_\_\_  
 T.A. Office Hours \_\_\_\_\_

### **Materials for Purchase:**

**Required Text:** William J. Baumol and Alan S. Blinder, *Economics: Principles and Policy* (12th Edition, 2011). Note: I have ordered two versions of the textbook: (1) the first version is the textbook alone; (2) the second version includes the online course *Aplia* and also includes an E-book of the text. Some students find the web-based instruction useful and some don't. The choice is yours. If you decide that you need *Aplia* later, you can still buy it, but it will be more expensive.

**Required Course-Pak:** Problem Sets to be purchased at Student Stores

**Optional Material:** Burton G. Malkiel, *A Random Walk Down Wall Street*, (revised ed., New York: W.W. Norton, 2011). The best single introduction to the stock market of which I am aware.

*The Wall Street Journal* (Student Subscription). Subscription cards are available at the Student Bookstore. They are valid for scholarship reimbursement.

### **Administrative Information for Students:**

(a) **Internet Browser:** You will be required to download material from the course web site. The official browser for the course is Microsoft's *Internet Explorer*. I believe that *Firefox*, *Chrome*, (and perhaps other browsers) will work as well. Apple users can use *Safari*, but be aware that *Safari* does not automatically refresh the course web page. You must do it manually

(b) **Your E-mail address:** You *must* have a functioning official UNC email address to which I can send messages. Your UNC e-mail address must be the address that accompanies the official UNC on-line class roll. You will be responsible for all course email sent to the address on your official course roll.

This course is an introduction to the study of economics. It has a number of goals: (1) to impart a basic understanding of how a market economy works; (2) to introduce students to the "economic way of thinking" about economic and social problems; (3) to prepare a student to take further courses in economics. It covers a wide range of topics, including (1) the determinants of economic activity, (2) inflation, (3) unemployment, (4) operation of the price system, (4) monopoly and other forms of imperfect competition, (5) the impact of international trade, and (6) the determinants of the distribution of income and wealth.

This course has two lectures per week as well as a weekly 50-minute recitation section. Occasional **lecture supplements** may be posted on the course web site. You are responsible for incorporating them into your notes before the next lecture.

The recitations will begin the week of August 25th. The recitation section is designed to give you the opportunity to clarify the elements of the text and lectures, to introduce new material not covered in the other two sources, to deepen your understanding of the course material through practice problems, and to allow discussion of issues relevant to economics and the course. Your 101R class and your TA should, therefore, become your first point of clarification in this course.

**Problem Sets** will be discussed in detail in the sections and will be submitted for credit. **NB: Start working on the problem sets immediately; the first exercise will be due very soon.**

Three hour-exams will be given during regular lecture hours in this course. All are required and each will count for 20% of your final grade. *There will be no make-ups for hour exams.* Should you be forced to miss *one* hour exam *with a valid excuse* you will be allowed to use the final exam raw score in place of the missing hour exam. Missing a second hour exam will result in a grade of zero for that exam. The comprehensive final exam will count for 30% of your course grade. 10% of your course grade will be based on the proportion of homework assignments turned in *on time* to your TA and on participation in sections.

The reading assignments are given below. You are *strongly encouraged* to do the reading before the lecture at which the corresponding topic will be covered. All appendices to chapters should be read unless specifically excluded. Reading assignments average about 50 pages per week; *don't get behind!* Lectures and readings, while generally not identical, will be complementary; understanding them both will greatly enhance your probability of success in this course. Part of your job is to integrate the lectures with your reading.

Outline on following page ...

**COURSE OUTLINE and SCHEDULE OF READINGS (Approximate)**

Dates	Text Assignments	Topic
Aug 19, 21	Ch. 1, 2	Introduction to Economics; Supply and Demand: The Basics
Aug 26, 30	Ch. 3, 4, (9*)	The Problems of Economics; Supply and Demand: Applications (*Stock Market Discussion in Sections)
Sep 2, 4, 9	Ch. 5 (+appendix), 6	Consumer Choice, Market Demand, Elasticity, & Demand Measurement
Sep 11, 16	Ch. 7, 8	The Business Firm, Profits, & Opportunity Cost. Input Decisions and Production Costs
<b>Sep 18</b>		<b>HOURLY EXAMINATION</b>
Sep 23, 25, 30	Ch. 10, 14, 19*, 20* & 21	The Firm and the Industry under Perfect Competition ; The Price System and the Case for Laissez Faire (with some caveats); The Distribution of Income and Wealth [ <i>* Chapters 19 &amp; 20 are optional</i> ]
Oct 2, 7	Ch. 35, 29*	International trade and Comparative Advantage; Money & the Banking System [ <i>*TAs lecture on this topic in sections; don't get behind in the reading!</i> ]
Oct 9, 14	Ch. 22, 23	Introduction to Macroeconomics; Unemployment & Inflation
Oct 16		<b>FALL BREAK</b>
Oct 21, 28	Ch 25, 26 (Read App. A*);	Consumer Spending & Demand; Demand-Side Equilibrium; Multiplier Analysis [ <i>TAs lecture on this</i> ];
<b>Oct 23</b>		<b>HOURLY EXAMINATION</b>
Oct 30	Ch. 26, 27	Demand-Side Equilibrium; Multiplier Analysis / Supply Side equilibrium
Nov 4, 6	Ch 28, 30, 31	Supply-Side Equilibrium: Fiscal Policy; Monetary Policy and the Great Recession
Nov 11	Ch 33	The Budget Crisis and the National Debt
Nov 13, 18, 25	Ch 11, 12	Monopoly, Monopolistic Competition, Oligopoly;
<b>Nov 20</b>		<b>HOURLY EXAMINATION</b>
Nov 27		<b>THANKSGIVING BREAK</b>
Dec 2	Ch. 15, 16, 17	Critique of the Market Mechanism; Course Conclusion

**Tentative Schedule for Recitation Sections:**

Week of:	Activity	Week of:	Activity
Aug 25	Organization; Gold Prices; *Stock Market Intro.	Oct 27	Hour exam returned and discussed
Sep 1	Discuss Problem Set 1 (Due in class)	Nov 3	Multiplier Lecture by TA; Problem Set 6 Parts A & B are due
Sep 8	Discussion of Problem Set 2 (Consumer theory & demand) (Due in Class)	Nov 10	Problem Set 6 Parts C & D are due Begin Review for Exam
Sep 15	Review for Exam	Nov 17	Review for Exam
Sep 22	Hour exam returned;	Nov 24	Exams returned.
Sep 29	Discuss Problem Set 3 (The firm: revenue & costs : Due in Class) Discuss the Distribution of Income & Wealth	Dec 1	Problem Set 7 due; Review for final exam
Oct 6	Problem Set 4 (Competitive markets: Due in Class)		
Oct 13	TAs lecture on money and banking system Problem Set 5, (Q 1-5) Due in Class		
Oct 20	Problem Set 5 (Q 6-10 Due in class) Review for Midterm		

⌘ Final Examination: Tuesday Dec 9th @ 8:00 a.m.

## How to Survive Economics 101

*"Toto I've a feeling we're not in Kansas anymore."*

This course has the dual task of preparing beginning students for advanced work in economics *and* exposing others who will never take another economics course to a wide range of economic topics and theories, all in one semester. The Economics Department demands that we cover a large amount of material; consequently, we've got a lot to do. The following items should help you get the most out of the course.

1. Economists approach the study of human economic behavior in a more abstract manner than do other social sciences. They develop *theories of behavior* and attempt to test them by observing the real world. This theorizing attempts to be logically consistent and rigorous, and it often is aided by tools such as mathematics and graphs. *Graphical analysis is an absolutely central part of this course; so, learn how to reason using graphs and put in the necessary effort to become comfortable explaining economic phenomena with graphs.* You may not like graphs but you're going to see a lot of them here and you will have to be able to use them on exams.
2. I guarantee that you will increase your understanding of economics considerably if you **recopy your lecture notes by hand** each week. Recopying your notes has a number of benefits: (a) it (probably) puts them into a more legible form so that you can read them! (b) it forces you to go through the material again — writing the notes again really does help concepts and information sink in — and it allows you to find mistakes, gaps, things that just don't seem right, etc., in the notes you took in lecture. Typing them on a computer won't help — if you're a good typist. The point is to work through the material slowly enough for the material to sink in. If you do this faithfully, you will find that studying for exams is immeasurably easier than it would otherwise be.
3. Read the text (and other assignments, if any) as you recopy the notes. Use the text as a resource to find answers to things you don't understand in lecture. Add text material into your recopied notes, which then become a much more comprehensive reference for tests, exercises, etc. Try this: Draw a line down the middle of the page; put your lecture notes on one side and associated notes from reading on the other side.
4. Remember, the lectures and the text readings *are two distinct, but reinforcing, sources of information for the course.* Sometimes the lecture and text material will be very similar — perhaps almost identical. Other times lectures and readings will differ substantially even though they ostensibly cover the same topics. *It is your responsibility to integrate text and lecture material;* don't wait until the night before an examination to do it. Recopying your notes helps you to do that.
5. You can use a highlighter to mark passages in your text (if you own it!), but if that's all you do, you'll simply have a more colorful book. Marking text passages contributes almost nothing to your absorption and integration of text matter *unless you write down important material some place* (e.g., in your recopied lecture notes).
6. Sit closer to the front of the lecture hall. It's easier to see the screens.
7. *Ask questions in lecture.* I know it's intimidating to do that in a big class, but it has a number of benefits: (a) it helps the other students who would like to ask but are too timid; (b) it helps me gauge whether the material is getting through; (c) it slows me down if I'm going too fast.
8. Use the recitation sections to clear up questions that you've developed from your lecture note recopying and textbook material. The TAs are there to help you understand the material; let them know what you don't know so they can help.
9. The examinations and the exercises have different purposes. The exercises allow you to think more deeply and expansively about economic problems than is possible in an examination. Their form often differs from that of the exams; however, doing and understanding them will definitely help you on the exams. I make copies of previous exams or practice exams available before tests so that you can get practice answering exam-style questions (See the course web site). Note also the old essay exam questions in your Course-Pak.
10. Use the TAs' and my office hours. They're there for you to use.
11. Because many students take Econ 101 each year, the distribution of grades is generally predictable: A's 11-20%; B's 22-36%; C's 36-53%; D's 6-12%; F's 3-5%. (Please turn over this page)

*The Honor Code is in effect in this class and all others at the University. I am committed to treating Honor Code violations seriously and urge all students to become familiar with its terms set out at <http://instrument.unc.edu>. If you have questions, it is your responsibility to ask me about the Code's application. All exams, written work, and other projects must be submitted with a statement that you have complied with the requirements of the Honor Code in all aspects of the submitted work.*