

UNIVERSITY OF NORTH CAROLINA CHAPEL HILL
DEPARTMENT OF ECONOMICS
FALL 2019
ECONOMICS 410: INTERMEDIATE THEORY: PRICE AND DISTRIBUTION

Instructor: Prof. Martin Zelder
Office: Gardner 305B
Office hours: Tu 11 am - noon, 1:30-2:30 pm;
Th 11:30 am – 12:30 pm, 2-3 pm; and by appointment
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Office phone: 919-966-5393
Lecture schedule: TuTh 3:30 – 4:45 pm
Lecture location: Wilson 107

Required Readings: *Price Theory and Applications: Decisions, Markets, and Information*, (7th edition), Jack Hirshleifer, Amihai Glazer, and David Hirshleifer, Cambridge University Press (2005), plus readings from *Microeconomics: Theory and Applications With Calculus* (3rd edition), Jeffrey M. Perloff, Pearson (2014)

COURSE OUTLINE (readings from textbook are denoted “HGH”, readings from Perloff are denoted “Perloff”)

Note: There is not a strict calendar specifying when certain topics will be covered, although we will cover them in the order below and I will announce what will be covered when 1 week ahead of time.

1. **Introduction:** HGH Chapter 1
2. **Consumers—Budgets and Choice**
 - Budgets: HGH pp. 94-95
 - Indifference Curves and Tastes: HGH Chapter 3
 - Tastes and Optimization: HGH 4.1-4.2 (revisit pp. 94-95), 4.6, 5.6
3. **Consumer Demand and Supply Curves**
 - Income and Substitution Effects: HGH 4.4, 5.5
 - Consumer Demand: HGH 4.5
4. **Firms That are Perfectly Competitive—Production, Costs, Profit Maximization**
 - Single-Input Production and Costs: HGH 6.1, Perloff pp. 179-185, 206-219
 - Single-Input Profit Maximization and Output Supply: Perloff pp. 247-269
 - Two-Input Production and Costs: Perloff pp. 185-194
 - Two-Input Cost Minimization and Profit Maximization: Perloff pp. 219-236
5. **Output Supply Curves for Perfectly Competitive Firms, Short-Run and Long-Run**
 - Supply Curves in Short-Run and Long-Run: HGH 6.3, Perloff pp. 270-284
 - Firms’ Input Demand Curves in Short-Run and Long-Run: Perloff pp. 528-539
6. **Equilibrium and Elasticities**
 - Short-Run Equilibrium: HGH pp. 28-39
 - Long-Run Equilibrium: HGH 7.1
 - Elasticities—Responsiveness to Change: HGH 5.2, 5.1, 5.3
7. **Monopoly**
 - Monopoly: HGH 8.1
8. **Normative Economics**
 - Defining the Social Optimum: HGH 7.3, 16.2

- The Cost of Deviations from the Social Optimum—Deadweight Loss: HGH 7.4
- Market Failure: HGH 16.3, 8.2
- Exchange and Deadweight Loss: HGH 14.2, 16.2

9. *Applying Economics*

- Marriage and Divorce
- Sexual Behavior

Note: A few short readings may be added to this, and some of the listed readings and topics may not end up being covered.

Grading: The course grade will be determined by ‘weekly’ (most but not all weeks) problem sets (10 percent total), two (2) midterm exams (25 percent each, or 50 percent in total), and a final exam (40 percent).

Makeup exams will only be given according to UNC criteria. Exams must be written in ink. Photocopies of exam answers will be retained by the instructor. Regrading of individual exam or problem set answers will only occur in the context of regrading the entire exam or problem set. Students may work together in solving problem sets, but each student must submit his or her own problem-set answers for grading.

Honor Code: All students are expected to follow the guidelines of the UNC honor code. In particular, students are expected to refrain from “lying, cheating, or stealing” in the academic context. If you are unsure about which actions violate that honor code, please see me or consult honor.unc.edu.

Calendar: The first midterm exam is scheduled for Tuesday October 1, and the second midterm exam is scheduled for Tuesday November 5. The cumulative final exam is on Thursday December 12 from 4-7 pm in this classroom (Wilson 107). The last day of lectures is Tuesday December 3. There are no class meetings on: Thursday Oct. 17, and Thursday November 28.

Note: Some of the topics and readings listed above might not be covered due to limited time and the rate of progress of the lectures. As well, a few additional readings might be added during the course of the term. Modifications of either sort will be made at the discretion of the instructor.