

UNIVERSITY OF NORTH CAROLINA CHAPEL HILL
DEPARTMENT OF ECONOMICS
FALL 2019
ECONOMICS 101H: INTRODUCTION TO ECONOMICS (HONORS)

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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Lecture schedule: TuTh 9:30 – 10:45 am
Lecture location: Dey 204
Recitation schedule: Th 1-2 pm
Recitation location: Hanes AC 215

Economics is the study of human behavior. The idea behind economic theory is that individuals and organizations make choices by comparing costs and benefits. In this course, we examine this cost-benefit choice mechanism for 3 entities: consumers, firms, and government. The majority of the course is devoted to trying to understand what choices consumers and firms make, why they make those choices, and the aggregate (macroeconomic) impact of these choices. We will also evaluate whether these choices are good or bad from a social point-of-view, and how government intervention might improve the outcomes of these choices.

Learning Goals: To understand and be able to apply the following concepts: rationality, choice, budgets, demand curves, firms, costs (variable and fixed), the short-run and the long-run, perfect competition, monopoly, market equilibrium, Gross Domestic Product, unemployment, inflation, efficiency, inefficiency and its causes, government microeconomic and macroeconomic policies.

Required Reading: *Economics* (13th edition) by Michael Parkin (Pearson, 2018), plus selected chapters from *The Economics of (Almost) Everything* by M. Zelder (posted on Sakai) and a few other selected short readings (posted on Sakai).

I. Introduction

A. How (and Why) to Succeed in this Class (Maybe)

B. What the Heck is Economics?

Parkin pp. 1-10

Zelder Chapters 1-3

C. How Economists Think

Parkin pp. 11-28

Zelder Chapter 4 pp. 1-2

Parkin pp. 31-47

II. Consumers' Choices

A. Budget Constraints, Preferences, and Individual Demand Curves

Parkin pp. 206-208, 181-185, 189-191

Zelder Chapter 4 pp. 8-12, 18-21

Zelder Chapter 5 pp. 1-10

B. Market Demand Curves

Parkin pp. 59-65

III. Competitive Firms' Choices

A. Defining Costs, Profits, and Firms

Parkin pp. 228-230, 242-243

B. Profit-Maximization and Supply Curves: The Short-Run

Parkin pp. 251-263, 66-69 ; Zelder Chapter 7 pp. 1-2

Parkin pp. 275-285; Zelder Chapter 7 pp. 2-6, 6-10

C. Profit-Maximization and Supply Curves: The Long-Run

Parkin pp. 264-271, 285

Zelder Chapter 7 pp. 10-12

IV. Equilibrium in Microeconomics—Combining Consumers' and Firms' Choices

A. Equilibrium in Perfect Competition

Parkin pp. 70-77, 288-289

B. Monopoly Equilibrium

Parkin pp. 304, 306-307

Zelder Chapter 7 pp. 23-28

V. Macroeconomic Foundations

A. Gross Domestic Product (GDP)

Parkin, pp. 496-501

B. Employment and Inflation

Parkin, pp. 520-524, 529-530

C. Financial Markets

Parkin, Chapter 24

D. Money

Parkin, Chapter 25

VI. Aggregate Demand, Aggregate Supply, and Equilibrium

Parkin, pp. 654-667

Parkin, Chapter 28

VII. Efficiency

A. Efficiency in Microeconomic Markets

Parkin pp. 112-119

Zelder Ch. 10 pp. 1-9

Parkin pp. 155-160

B. Microeconomic Market Failure

1. Monopoly

Parkin pp. 309-323

2. Externalities

Parkin pp. 395-404

C. Microeconomic Government Policies

Parkin pp. 131-139, 143-146

Parkin pp. 161-175

Zelder Ch.10 pp. 9-10

D. Efficiency in the Macroeconomy

Parkin, pp. 502-503, 525-528, 550-552, 654-657, 662-663, 678-679, 682-685

E. Macroeconomic Market Failure

Parkin, pp. 502-503, 520-527, 654-657, 663-667

F. Macroeconomic Government Policies

Parkin, pp. 668-669, Chapters 30-31

VIII. Social Issues

A. Inequality

Parkin Chapter 19

B. Marriage, Love, and Divorce

Zelder, "The Essential Economics of Love" (2010)

Zelder, "The Economic Analysis of the Effect of No-Fault Divorce Law on the Divorce Rate" (1993), pp. 243-254

C. Suicide

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 September 24, and the second midterm exam is scheduled for Tuesday October 29. The cumulative final exam is on Tuesday Dec. 10 from 8-11 am, in your normal classroom (Dey 204). The last day of lectures is Tuesday December 3. There are no class meetings on: Thursday Oct. 17, and Thursday November 28. There are no recitation meetings on Thursday August 22 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.