

UNIVERSITY OF NORTH CAROLINA CHAPEL HILL
DEPARTMENT OF ECONOMICS
SPRING 2020
ECONOMICS 410: INTERMEDIATE THEORY: PRICE AND DISTRIBUTION

Instructor: Prof. Martin Zelder
Office: Gardner 305B
Office hours: Tu 2-3 pm;
W noon – 2 pm;
Th 11 am – noon, 2-3 pm; and by appointment
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Lecture schedule: TuTh 12:30 – 1:45 pm
Lecture location: Howell 115
TA: Mauricio Salazar (jmau@live.unc.edu)
Recitation schedule: M 8-8:50 am (Gardner 209) or* M 2:30-3:20 pm (Gardner 106) or* F 3-3:50 pm (Gardner 106) [*sign up for and attend 1 of these]

Required Readings: *Microeconomics* (5th edition), David Besanko and Ronald R. Braeutigam

COURSE OUTLINE (textbook denoted as B&B)

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:** B&B Chapter 1
2. **Consumers—Budgets and Choice**
 - Budgets: B&B pp. 105-112
 - Indifference Curves and Tastes: B&B Chapter 3
 - Tastes and Optimization: B&B pp. 112-139
3. **Consumer Demand Curves**
 - Income and Substitution Effects: B&B pp. 164-175
 - Consumer Demand: B&B pp. 154-164
4. **Firms That are Perfectly Competitive—Production, Costs, Profit Maximization**
 - Single-Input Production and Costs: B&B pp. 204-214, 251-257
 - Single-Input Profit Maximization and Output Supply: B&B pp. 273-281, 306-310, 331-341
 - Two-Input Production and Costs: B&B pp. 214-243, 291-306, 310-322
 - Two-Input Cost Minimization and Profit Maximization: B&B pp. 257-273
5. **Output Supply Curves for Perfectly Competitive Firms, Short-Run and Long-Run**
 - Supply Curves in Short-Run and Long-Run: B&B pp. 341-356, 356-369
 - Firms' Input Demand Curves in Short-Run and Long-Run: B&B pp. 269-271, 663-664, 700-701
6. **Equilibrium and Elasticities**
 - Short-Run Equilibrium: B&B pp. 26-44
 - Long-Run Equilibrium: B&B pp. 356-369
 - Elasticities—Responsiveness to Change: B&B pp. 44-59
7. **Monopoly**
 - Monopoly: B&B pp. 442-467
8. **Normative Economics**

- Defining the Social Optimum: B&B pp. 175-184, 371-382
- The Cost of Deviations from the Social Optimum—Deadweight Loss: B&B pp. 392-397
- Market Failure: B&B pp. 473-477, 703-714, 726-728

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 Thursday February 20, and the second midterm exam is scheduled for Thursday April 2. The cumulative final exam is on Friday May 1 from noon-3 pm in this classroom (Howell 115). The last day of lectures is Thursday April 23. There are no class meetings on: Tuesday March 10 and Thursday March 12. There are no recitation meetings on Friday January 10, Monday January 13, Friday January 17, or Monday January 20.

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.