

Econ 101 H, Section 10 Principles of Economics (Honors)

Fall 2009 (Tuesday and Thursday, 9:30-10:45am)

Michael K. Salemi, 204 Gardner Hall

Office Hours: Tuesday 2:00-4:00 pm, Wednesday 3:00-4:30 and by appointment.

Phone: 966-5391 (office), 929-9504 (home)

Email: Michael_Salemi@unc.edu

Web: www.unc.edu/~salemi

Course Goals

The purpose of this course is to change the way you look at the world. To that end, the course focuses on core economic concepts and provides opportunities to practice using them in contexts like you will encounter throughout your lives. Success in this course cannot be determined on the day of the final examination—only later when you show that you understand what economics has to say about taxes, environmental rules, trade agreements, free markets, unintended consequences of well-intended policies, and other issues. The goal of the course is to help you think like an economist. I will not preach. It is up to you to decide how important it is to look at the world with an economist's eyes. For me, it is sufficient that you can see with those eyes.

Dates

September 24 Midterm Examination in class.

November 5 Midterm Examination in class.

December 17 Thursday, 8:00-11:00 am, Final Examination

December 19 Saturday, 9:00-noon, Final Examination Makeup

Our scheduled final exam is late in the exam period. I will not schedule an early makeup under any circumstance.

Examinations and Grades

There are 100 possible points in the course: 25 for each of three examinations and 25 points for class exercises and quizzes. Letter grades are based on total points and not on an average of letter grades. The final examination is cumulative. Late work is penalized. There are no makeup examinations for missed midterms. A student who misses a midterm examination can transfer the missed credit to the final examination by providing an adequate explanation and suitable documentation to the instructor. The course will adhere strictly to the Honor Code and to UNC procedures for final examinations.

Course Journal

Students are required to keep a course journal. I will routinely assign tasks that students are to report on in their journal. I will collect journals during the semester and at the end of the course and provide comments. Some of the exercise and quiz points will be awarded based on the quality and regularity of journal entries.

Other Graded Work

Students will be required to complete graded exercises several times during the semester. There will also be quizzes to determine whether students are well prepared to discuss assigned outside readings on class days set aside for discussion of those readings. Please see the course calendar.

What Students Will Do in This Course

For each topic, the course combines Tuesday lectures and Thursday hands-on activities such as co-operative learning exercises, simulations and discussion of readings. In Tuesday lectures, I will provide selective guidance in understanding the assigned material from the text. Students are expected to master the details on their own. During Thursday activities, students will have an opportunity to apply the text material in a variety of challenging ways.

Attendance

Because class activities are an important part of this course, very regular attendance is expected of every student. Pop quizzes will be given at the instructor's discretion. Students who are not willing to attend very regularly should drop the course.

Principles of Economics Syllabus

Text: Frank, Robert H., and Ben Bernanke, *Principles of Economics, Fourth Edition*, McGraw Hill Primis Online Edition (Customized for Econ 101H, Section 10 at UNC-Chapel Hill), New York, 2009.

Note: Make sure you choose the correct text. My text for the non-honors section of Econ 101 comes bundled together with a registration coupon for a clicker. Don't buy that package.

1. Introduction

FB, Chapters 1-3

Frank, Robert, "The Opportunity Cost of Economic Education," *New York Times*, September 1, 2005.

Hansen, W. Lee, Michael K. Salemi, and John J. Siegfried (2002), "Use It or Lose It: Teaching Literacy in the Economics Principles Course," *American Economic Review*, Papers and Proceedings of the American Economic Association, vol. 92, no. 2, 463-72.

Smith, Adam (1776), *The Wealth of Nations*, The Modern Library Paperback Edition (2000), New York, Chapters 1-4.

2. Competition and the Invisible Hand

FB, Chapters 4-8 and 28.

Hayek, F. A. (1945), "The Use of Knowledge in Society," *American Economic Review*, 35 (4), 519-30.

Radford, R. A. (1945), 'The Economic Organization of a P.O.W. Camp', *Economica*, **XII** (48) November, 189-201.

Smith, Adam (1776), *The Wealth of Nations*, The Modern Library Paperback Edition (2000), New York, Chapters 6-7.

3. Market Imperfections

FB, Chapters 9-12

Akerlof, George A. (1970), "The Market for "Lemons": Quality Uncertainty and the Market Mechanism", *Quarterly Journal of Economics*, **LXXXIV** (3), August, 488-500.

Krugman, Paul R. (1987), "Is Free Trade Passe?" *The Journal of Economic Perspectives*, 1 (2), 131-44.

4. Macroeconomics

FB, Chapters 16-20

"U.S. Monetary Policy: An Introduction (2004)," Federal Reserve Bank of San Francisco, 1-24.

Poole, William, "The Fed's Monetary Policy Rule," Federal Reserve Bank of St. Louis *Review*, 88(1), January/February 2006, pp. 1-11.

Cassidy, John (2008), "Anatomy of a Meltdown: Ben Bernanke and the financial crisis," *The New Yorker*, December 1, 2008.