

Introduction to Economics I - IRB102

The course introduces basic economic phenomena to students, and enables them to understand the main features of the operation of the economy. Economics as an analytical framework can serve as a useful tool for any professionals in the field of social sciences. During the course of the semester students learn about the principles of economics and the role of economists, as well as the operation of markets, the relationship between markets and social welfare and also between markets and the public sector, finally we learn about the behaviour of firms, following the lead of the world-famous textbook of Harvard professor Gregory N. Mankiw.

Structure of the classes:

- 90 minutes weekly, lecture problem solving

Lecturer:

- Kollányi Zsófia (zskollanyi_at_gmail.com), TáTK Department of Health Policy and Health Economics

Evaluation:

- Optional online quizzes in 10 topics on Canvas – 2 points per topic at most
- Exam:
 - Written exam at the end of the semester (test) – 90 points
 - OR
 - Written Midterm (45 points) and Endterm (45 points)

85 points ≤ 5 (A)

75 points ≤ 4 (B) < 85 points

63 points ≤ 3 (C) < 75 points

51 points ≤ 2 (D) < 63 points

1 (F) < 51 points

Compulsory readings:

Principles of Economics by N. Gregory Mankiw. Cengage Learning, 7th ed.

Schedule as planned:

1. **10 principles of economics.** How people make decisions? How people interact?
 *Mankiw CH1*
2. **Thinking like an economist**
 Economist as scientists. Economists as policy advisers. Why do economists disagree?
 *Mankiw CH2*
3. **Interdependence and the gains from trade**
 Comparative advantage and its applications
 *Mankiw CH3*
4. **The market forces of supply and demand**
 Markets and competition. Demand, supply, market equilibrium and its change.
 *Mankiw CH4*
5. **Elasticity and its applications**
 Elasticity of demand, elasticity of supply
 *Mankiw CH5*
6. **Supply, demand, and government policies**
 Control of prices, price ceilings and price floors. Taxation, elasticity, tax incidence.
 *Mankiw CH6*
7. **Midterm**
8. **Consumers, producers, efficiency of markets, cost of taxation**
 Consumer and producer surplus. Market efficiency. Deadweight loss of taxation
 *Mankiw CH7-8*
9. **Externalities**
 Externalities and market inefficiency. Public policies toward externalities. Private solutions to externalities.
 *Mankiw CH10*
10. **Public goods and common resources**
 Different kinds of goods. Public goods and the free-rider problem. Common resources and the tragedy of the commons.
 *Mankiw CH11*
11. **Costs of production and firms in competitive markets**
 What are costs? Production and costs. Different measures of costs. Costs in the long and in the short run. Competitive market attributes.
 *Mankiw CH12-13*
12. **Competitive markets and monopoly**
 Supply curve in a competitive market. Why monopolies arise? How monopolies make production and pricing decisions? The welfare costs of monopolies. Price discrimination. Public policy towards monopoly.
 *Mankiw CH13-14*