

(From UIC's secure website resources)

## Department of Economics

### What Everyone Should Know about Economic Theory

These are basic concepts that make up much of the way economists view the world. Some economists will argue that items on this list are less important or that crucial ideas are omitted. The original list is from a UIC seminar led by Russell Roberts.

#### ***Basic Ideas in Economics***

1. **Scarcity:** There is never enough.
2. **Opportunity Cost:** No free lunch.
3. **Comparative Advantage:** Trade is good.
4. **Marginalism:** Anything worth doing is worth doing poorly.
5. **Sunk Costs are Sunk:** Bygones are bygones.
6. **Profitable Opportunities are Exploited:** No \$20 bills left on sidewalks.
7. **Relative Prices Matter:** Money is a veil (No money illusion).
8. **Substitutability:** There is more than one way to skin a cat.
9. **Unintended Consequences:** The road to hell is paved with good intentions.
10. **Externalities, Free Riding, Prisoner's Dilemma:** This is not necessarily the best of all possible worlds.
11. **Prices Convey Information:** How much you want it and how much it costs society to get it for you may differ.
12. **Demand and Supply:** Ignore the other side at your peril.

These are basic ideas. The ability to use these ideas to analyze social phenomena is what separates economists from non-economists. These ideas permeate the thinking of economists – for a good economist, these ideas are second nature. The way to incorporate these ideas into your worldview is to do problems, read, think, and talk economics.

Taken from *Journal of Political Economy*, August 1998

**Discussion Questions:**

1. Why does the dolphin fetch paper?
2. Why doesn't the dolphin bring the paper bag up all at once? Why does it tear the bag into little pieces?
3. How is the dolphin's brown paper bag and string like money?
4. What does the author mean by a "dolphin bank account"?
5. What other items might the dolphin use as "money"? Describe the good points/bad points if these items as money.

**Activity:**

"The Urban Housing Mystery" adapted from *The Great Economic Mysteries Book: A Guide to Teaching Economic Reasoning Grades 9-12*, National Council on Economic Education 2000.

**The Mystery**

Some cities do not have adequate numbers of affordable apartments for their residents. In New York City, people famously go to unusual lengths to find newly-available apartments, such as reading obituaries for recent deaths or divorce notices for people

moving. Some apartments are not fit to live in, lacking such usual amenities as hot water or sinks. Yet New York also has many blocks of abandoned apartment buildings.

Some New Yorkers live in large, comfortable apartments and pay very low rents. In 1993 it was reported that the rent on Mayor Ed Koch's apartment was only \$441 per month, while comparable apartments rented for \$1200 per month.

### **The Problem**

Why are some New Yorkers comfortably living with very low rents and others unable to find a place to live?

**Clues (All of the statements are true, but some are not relevant to an economic answer to the problem).**

1. The rent control system dates back to World War II, when some apartment rents were fixed below the market rental rate.
2. Rents provide income to owners and funds to maintain the rental apartments.
3. New York has about 18 million people.
4. New York covers about 300 square miles and is composed of 5 boroughs: Manhattan, Brooklyn, Bronx, Queens, and Staten Island.
5. When rents rise faster than inflation, developers in most cities build more apartments.
6. Some people in New York City bequeath rent-controlled apartments to descendants or to other family members, so they never come onto the rental market.

**Can you solve the mystery?**

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**University of Illinois at Chicago**

**Center for Economic Education**

## **Certificate in the Teaching of Economics in "One Summer Plus"**

As adults, we make economic decisions every day, but this crucial skill is virtually ignored in education. According to a survey conducted in 1999 by Harris and Associates, American adults scored an average of only 57% on a test of basic economic concepts and high school students averaged only 48%.

The Certificate in the Teaching of Economics (CTE) prepares teachers at the K-12, community college, college, and university levels to teach courses in Economics and

Consumer Economics and to include economic concepts in other courses. It complements university degrees and other certification, but the CTE is *not* a state-issued certificate and does not imply state certification. Individual courses may be taken without completing the CTE.

The CTE is intended for individuals with a background in either education or economics. The CTE requires 4 courses, not all of which must be taken at UIC. The 4 courses are:

1. Microeconomics
2. Macroeconomics
3. Teaching Methods in Economics (Econ 441)
4. A course chosen from a list of options. (Details on options are available from the UIC Department of Economics).

For example, a high school Social Studies teacher planning to complete the CTE in "One Summer Plus" might choose Econ 520: Microeconomics and Econ 441: Teaching Methods in Economics, which can be taken in the summer. Then Econ 521 and an elective course in economics could be taken during the school year or the next summer. Graduate-level economics courses are available in the evenings during the year.

An undergraduate or graduate student in Economics would satisfy the CTE requirements by taking a course in Education as well as Econ 441: Teaching Methods in Economics and the Micro/Macro courses already required for the B.A., M.A. and Ph.D. in Economics. Pre-service teachers and undergraduates in the social sciences may also earn the CTE.

For information about the CTE, contact the UIC Center for Economic Education.

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## **University of Illinois at Chicago Department of Economics**

### **Certificate in the Teaching of Economics (CTE) Courses**

#### ***Economics 520: Microeconomics for Business Decisions***

Evenings during Fall and Spring Semesters and Summer Session.

Microeconomics provides the tools of economic decision making by individuals, management, and government. Most of the course is spent on applications of microeconomic theory to personal, managerial, and public-policy decision-making. Topics include demand and supply conditions, monopoly, oligopoly, public goods, and profits. (4 Graduate Credit Hours)

#### ***Economics 521: Macro and International Economics for Business***

Evenings during Fall and Spring Semesters.

Macroeconomics is the study of the big picture. That's the overall economy, government stabilization policies, and economic systems. Macroeconomics equips students with the tools of analysis to interpret economic policy changes and economic trends. Topics

include economic growth, fiscal and monetary policy, unemployment, and economic fluctuations. (4 Graduate Credit Hours)

***Economics 441: Teaching Methods in Economics***

Summer Session, usually afternoons.

How do we teach economic concepts in an interesting, engaging way? How do students learn economics? This course relates the concepts of economics to the national, state, and city teaching standards for Economics. It provides lessons in these standards and experience in developing further lessons. Topics include evaluating the economics in literature and other texts, using experiential learning, service learning, and active learning in economics, using technology and the Internet. It includes assessing student knowledge. (4 Graduate Credit Hours or 3 Undergraduate Credit Hours)

***Tuition and Fees***

The 2003-4 tuition for nondegree extramural students is \$160 for each credit hour, plus a \$40 nonrefundable administrative fee per course.

***To Register***

These courses are regular UIC courses. To register as an extramural nondegree student, contact the UIC Office of Continuing Education at (312) 996-8025 to have materials mailed or faxed to you. Or visit the website at [www.oce.uic.edu](http://www.oce.uic.edu) to download enrollment materials.