

THE UNIVERSITY OF NORTH CAROLINA ASHEVILLE  
FACULTY SENATE

Senate Document Number 4620S  
Date of Senate Approval 04/30/20

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Statement of Faculty Senate Action:

**APC Document 42 (ECON): Delete ECON 101 and 102, replacing with ECON 103,  
Introductory Economic Analysis;  
Add new course, ECON 104, Microeconomic Principles for  
Engineers**

**Effective Date: Fall 2020**

**1. Delete:** On page 119, the entries for ECON 101 and 102:

**101 Principles of Macroeconomics (3)**

A study of economic aggregates, including interaction of household, business, banking and government sectors; problems of unemployment and inflation; and an introduction to monetary and fiscal policy. No credit given to students who have credit for ECON 201. Fall and Spring.

**102 Principles of Microeconomics (3)**

A study of markets and how prices and output are determined. Topics include market structure, input markets and public policy as it influences economic decisions. No credit given to students who have credit for ECON 200. Fall and Spring.

**Add:** On page 119, in place of deleted entry, new course, ECON 103:

**103 Introductory Economic Analysis (4)**

Introduces students to an analytical framework for understanding issues of contemporary concern using economic concepts, models, and methods. In addition to foundational theory, this course incorporates modern theoretical insights and empirical findings to present economics to introductory students as it is practiced by academics in the field. Using an integrated instruction of macro- and microeconomic themes, the goal of this course is to help students identify, analyze, and formulate solutions to real-world problems. No credit given to students who have credit for both ECON 101 and 102. Fall and Spring.

**Impact:** Students will take one, 4-credit lecture course instead of two, 3-credit classes. A general scenario that we anticipate is a UNC Asheville or transfer student with three credit hours for either Introductory Macroeconomics or Introductory Microeconomics, but not both. In this situation, while those credit hours will count towards the 120 required for graduation, the student will still be required to take ECON 103 since the coverage in this course goes well beyond the scope of only one of those introductory courses. In cases where a student has credit for both introductory courses, the requirement of ECON 103 will be satisfied since these students will have studied the majority of what is covered in ECON 103. Approximately ten sections of this course will be offered each academic year and each

section will be available to 24 students. All seven of our full-time faculty are qualified to teach ECON 103.

**Rationale:** After a review of current trends in undergraduate economics instruction, the Department has concluded that combining the two introductory economics courses is necessary to enhance student learning. Combining the courses will enable students to better understand the real-world applications of economics by promoting critical thinking and integration of theoretical principles from the two previously separate courses. It will also reduce redundancy in the curriculum and open up opportunities for students to engage with economics through practical examples and contemporary research.

The instruction of introductory economics is currently the object of a paradigm shift within the discipline. Traditionally, the teaching of introductory economics is structured around comprehension of key principles of neo-classical economic theory and divided into two (often non-sequential) courses: Principles of Microeconomics, which focuses on the behavior of individuals and firms, and Principles of Macroeconomics, which focuses on the functioning of the economy as a whole. Underlying these neo-classical principles are a suite of assumptions about human behavior (such as rationality), which are often eschewed in upper-level economics courses as a result of empirical evidence to the contrary (such as that from the new subfield of behavioral economics). Moreover, the theoretical predictions offered by some of the simple models introduced in introductory economics (such as those showing that minimum wages cause unemployment) have been contradicted by numerous empirical studies.

As Bowles and Carlin (2019)<sup>[1]</sup> note, economists are now beginning to rethink this traditional approach to introductory economics, largely in response to recognition of the following:

- 1) Graduate-level (and sometimes upper-level undergraduate) instruction of economics (as well as the actual practice of contemporary economic research) *does* engage with a more nuanced representation of human behavior and the real-world impacts of policies than that taught at the introductory level.
- 2) The vast majority of students in introductory economics courses will not go on to become economics majors or graduate students and hence learn the real applicability of economics to understand and address contemporary socioeconomic problems.
- 3) In the wake of the 2008 financial crisis, it became apparent that standard economic theory lacked predictive power and multiple student-led initiatives advocated that the introductory economics curriculum be overhauled to better match reality and address issues of pressing social concern, such as rising inequality.

Current efforts are thus underway to reorient introductory economics education around problems of contemporary concern – such as inequality, climate change, financial instability, and the ability of public policies to spread wealth and opportunity – rather than abstract theoretical principles. This issues-based approach to teaching economics incorporates new theoretical insights and empirical findings to present economics to introductory students as it is actually practiced by academics in the field.<sup>[2]</sup>

The issues-based approach to teaching and learning economics also offers another advantage for students in that it promotes the integrated instruction of micro- and macroeconomic themes in order to understand

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<sup>[1]</sup> Bowles, S. and W. Carlin. 2019. What Students Learn in Economics 101: Time for a Change. *Journal of Economic Literature*, Forthcoming.

<sup>[2]</sup> Examples of the new issues-based approach include [Dr. Raj Chetty's introductory economics course at Harvard](#) and the new [CORE: Economics for a Changing World](#) textbook initiative.

real-world problems. An example of this can be seen in how one might teach climate change economics at the introductory level. Market failure in the case of pollution is covered in microeconomics, but how economic growth or recession influences overall market activity, which clearly influences the level of carbon emissions, is a macroeconomic phenomenon. Being able to toggle between the micro- and macroeconomic elements of climate change will benefit students' ability to think critically about causes and solutions.

An additional benefit of moving to ECON 103 is that the single course will avoid the 3-4 week overlap in coverage that is currently experienced when students enroll in both ECON 101 and ECON 102. Since those courses are not sequenced, and since some students have needed only one course or the other, the department currently teaches the foundational principles of comparative advantage and supply and demand in each of the courses. This redundancy will be avoided and thus students will be able to move more quickly to explore applications of concepts.

Because we will be eliminating this 3-4 week overlap in the courses, we do not anticipate that combining the courses will result in a decrease in coverage of the core introductory economic concepts currently taught in the separate courses. What will change is the way these concepts are taught: not as a sequential list of theoretical principles, but rather via critical engagement with problems of contemporary concern so that students can better learn how to use economics as an analytical lens for asking and answering questions about our social world. The new approach will enable students to gain a deeper understanding of how to apply and integrate foundational economic concepts in order to critically assess issues of contemporary concern, such as inequality, climate change, and financial shocks.

**2. Add:** On page 119, new course, ECON 104:

**104 Microeconomic Principles for Engineers (3)**

Introduces foundational economic theory, concepts, models, and methods to students pursuing a major in engineering. No credit given to students who have credit for ECON 102 or 103. Prerequisite: E 101 or permission of instructor. See department chair.

**Impact:** Engineering students will take this 3-credit hour course to meet the economics requirement for their major. Since ECON 104 will absorb the current demand for microeconomics principles from Engineering students, we anticipate little impact on our ability to offer this course with our current faculty resources. Scheduling of the course will be coordinated with the Engineering department.

**Rationale:** We are adding this course as a service to UNCA's Engineering Department. Their major requires 3-credit hours of economic principles. Our proposed 4-credit hour combined principles course ECON 103 poses a problem for Engineering since it would increase the overall size of their major from 128 credit hours to 129, which would likely not be supported by the program at NC State University. Thus, offering this 3-credit hour Microeconomic Principles for Engineers course allows UNCA to continue to meet the educational needs of engineering students on our campus and helps the Engineering department remain within their credit-hour cap. ECON 104 will not be offered on a regular pattern. Rather, it will be offered to meet the demand from engineering as faculty resources in economics permit.