

# ECON1012: Principles of Economics II

September 2021

Department of Economics

UNIVERSITY OF THE WEST INDIES, MONA

Lecturer: Anna Kay Hall

Office Hours: Tuesday 10am - 12pm

Pre-requisites: ECON1000 or CAPE Economics



## DESCRIPTION

This course builds upon the basic foundation laid down in *Principles of Economics* by exploring some of the theory and complexity behind a few of the relationships that were treated only intuitively and cursorily in the earlier course. To that end, the course covers consumer and producer decisions at greater depth as well as applying the core principles and basic models of economics to additional areas of the macroeconomy.

## LEARNING OUTCOMES

Upon successful completion of the course, the student should be able to:

- Analyse how a typical person's purchases would respond changes in income and product prices.
- Determine how an industry's prices and output would to different stimuli under various market conditions.
- Explain why an economy's GDP fluctuates from year to year.
- Apply fiscal and monetary policy to influence the level of economy.
- Evaluate the effectiveness of economic policies using the principles and tools of economics.
- Identify the causes of differences in the living standards amongst households.

## ASSESSMENT AND DELIVERY

The final grade is determined from in-course quizzes (50%) and a comprehensive final examination (50%).

The course syllabus is delivered in two lecture hours and one tutorial hour per week. Problem sets will be provided for practice at problem solving.

## RESOURCES

- N. Gregory Mankiw, *Principles of Economics* (any edition), South-Western, United States.
- Tim Harford, *The Undercover Economist*, Oxford University Press, Oxford, 2006.
- Additional material on the course web site.

## SYLLABUS

<b>1. Elasticity</b> <ul style="list-style-type: none"><li>• Price Elasticity of Demand</li><li>• Other Elasticities</li></ul> <b>2. The Consumption Decision</b> <ul style="list-style-type: none"><li>• The Basic Elements of Choice</li><li>• The Feasible Set: The Budget</li><li>• The Objective: Indifference Curves</li><li>• Optimizing: The Best Choice</li><li>• Income and Substitution Effects</li></ul> <b>3. The Production Decision</b> <ul style="list-style-type: none"><li>• The Production Decision</li><li>• Costs of Production</li></ul>	<b>5. Strategic Behaviour</b> <ul style="list-style-type: none"><li>• Game Theory</li><li>• Dominance and Nash Equilibria</li><li>• Oligopoly</li></ul> <b>6. Money and Banking</b> <ul style="list-style-type: none"><li>• Definition and History of Money</li><li>• Structure and Functioning of Banking</li><li>• Instruments of Monetary Policy</li></ul> <b>7. Employment: the Market for Factors</b> <ul style="list-style-type: none"><li>• The Market for Labour</li><li>• The Natural Rate or Unemployment</li><li>• The Market for Capital</li></ul>
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<ul style="list-style-type: none"> <li>• The Production Decision with Varying Costs</li> <li>• Marginal Cost and Marginal Revenue</li> <li>• The Firm in the Long Run</li> </ul> <p><b>4. Market Power</b></p> <ul style="list-style-type: none"> <li>• Market Structures</li> <li>• Market Power and Market Outcomes</li> <li>• Price Discrimination</li> <li>• The Industry in the Long Run</li> </ul>	<p><b>8. Fluctuations: the Market for Goods</b></p> <ul style="list-style-type: none"> <li>• Aggregate Demand, Aggregate Supply</li> <li>• Fiscal Policy and Monetary Policy</li> </ul> <p><b>9. Inequality and Poverty</b></p> <ul style="list-style-type: none"> <li>• Concepts</li> <li>• Theory</li> <li>• Policies</li> </ul> <p><b>10. Public Finance</b></p> <ul style="list-style-type: none"> <li>• Expenditure</li> <li>• Taxation</li> <li>• The Fiscal Accounts</li> </ul>
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