

University of Ulster
Faculty of Social Sciences
School of Economics

Courses: BA(Hons) Economics with DIS

Module: ECO540 Topics in Microeconomics

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Web address:

<http://www.borooh.com/Teaching/Microeconomics/index.htm>

<http://www.busmgt.ulst.ac.uk/modules/eco326j1/eco326j1.html>

Disclaimer

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Retention of Information

You are advised that you should retain this module booklet for future reference. You may be asked to provide documentary evidence of modules taken and their content by potential employers or in connection with an application to undertake further study. The University can provide such details from its records, but will make a charge to cover the costs involved in conducting and supplying information.

Module Specification

Module Level:	D
Academic Subject:	Economics
Credit Points:	20
Semester:	1
Module Status within Course:	Core
Location:	Jordanstown
Prerequisite(s):	Microeconomics II, Macroeconomics II
Corequisites(s):	None
Hours:	Large Group Session (Lectures) 24 Small Group Session (Seminars) 12 Independent Study 164

Method of Assessment: Course work assessment will account for 50% of the total marks and a sessional examination for 50%.

Module Summary

In an increasingly competitive world in which economic decisions have to be “optimal”, it is essential that students of economics should gain an understanding of the basic principles and applications of microeconomics. The implicit theme of this module is the concept of *market efficiency* and the different circumstances in which markets may *fail to deliver efficiency*. The module will be delivered in both large group and small group sessions and the assessment will be based partly on course work and partly on sessional examination.

Rationale

Economics is about scarcity. In effect, this means that economics is about choice. At any time people will desire a wide variety of items but the means available to provide these items will be limited. The matching of scarce resources to boundless desires lies at the heart of economic problems and the analysis of how such matches might best be made is the subject matter of microeconomics. Issues relating to the allocation of scarce resources between uses, and the distribution of scarce goods and services between persons, have a variety of “real-world” applications. It is important to appreciate the variety of such applications and how they might be analysed.

Aims

The aim of this module is to explore how microeconomic techniques may be applied to analysing "real world" problems. This aim bifurcates into two pedagogical avenues. One avenue takes students towards learning relevant analytical techniques – over and above those with which they will already be familiar as a result of their first and second year studies. The second avenue takes them towards an understanding of how these techniques can throw light on a variety of economic situations.

Content

The Market for Insurance

Adverse Selection

Education as a Signal of Worker Quality

Moral Hazard

Efficiency Wages

Pure Public Goods

Impure Public Goods

Externalities

Imperfect Competition

Learning Outcomes

Objectives: Learning Outcomes

Subject related outcomes

On successful completion of this module, students will have:

- The unity of techniques and concepts used in Microeconomics: the ubiquity of the concept of constrained optimisation and the importance of specifying correctly the objective function and the concomitant constraints
- The diversity of problems which may be analysed using these techniques and concepts: *inter alia* risk and uncertainty; informational deficiencies; market imperfections.
- acquired an understanding of how to pose an economic problem in terms of desires and possibilities, in the context of an economic model;
- acquired an understanding of how equilibrium in economics lies in establishing a balance between what an economic agent would like to do and what the market allows him/her to do;
- acquired the analytical skills for establishing equilibrium and deducing changes in equilibrium, consequent upon a change in model parameters.
- understood the concept of bargaining and the “gains-from-trade” arising from bargaining;
- understood the nature of institutional constraints that might prevent “gains-from-trade” from being exhausted.

Intellectual outcomes:

- The ability to analyse a problem by setting up a “model” which will capture the salient features of the problem and allow these to be analysed.
- Ability to use mathematics for abstraction and logical reasoning in an economic context
- Ability to communicate economic concepts information in a meaningful way
- Ability to consider the process of decision-making under conditions of uncertainty

Professional/Practical Skills:

- The ability to understand the nature of economic costs, in terms of actual costs and opportunity costs.
- The ability to understand the consequences of policy and to appreciate the linkage between specific policy instruments and the economic outcomes to which they give rise.
- Ability to organise, present and analyse economic analysis

Transferable skills:

- The ability to understand and develop logical processes.
- The ability to conceptualise and handle issues in an abstract fashion.
- The ability to write clearly and logically.

Teaching and Learning

This course will be taught by means of large sessions, seminars and directed reading. Large group sessions will be used mainly for the exposition of concepts and methodologies thereby contributing to the primary objective of providing students with a knowledge of microeconomic techniques and their applications. Seminars are based on carefully planned preparatory reading which are given in the module handbook. Students are expected to discuss these articles during seminars.

The lecture notes for the course are available on the web:
<http://www.borooah.com/Teaching/Microeconomics/index.htm>

Students are expected to download these notes and have these with them in the lectures and seminars.

Assessment Arrangements

Assessment will be by coursework and examination. Course Work will consist of assignments written and submitted during the semester. These assignments carry 50 per cent of the module mark. There will be one end-of-term examination of three hours, which is worth 50 per cent of module mark.

Coursework: Coursework accounts for 50% of total marks. The course work website:
<http://www.borooah.com/Teaching/Microeconomics/Assignments%202006.pdf>

Submission: All assignments should be handed into the School Office (3A02) by the due date and a receipt obtained for the same.

Late submission: If submission on due date is not possible due to reasons beyond the student's control, prior permission for late submission must be obtained from the Course Director (not the lecturer or module co-ordinator). Any late submission without prior permission will be marked zero.

Plagiarism: Plagiarism in either course work or sessional examination will be severely dealt with according to University regulations. *This includes cutting and pasting material from the course website.*

(B) Sessional Examination: This part of assessment will consist of a three-hour examination at the end of the term and will account for 50% of total marks. There will be a total of eight questions, out of which any four will have to be answered.

Assessment Criteria

For both coursework and sessional examination, assessment and marking will be based on the following criteria. It must be noted, however, that these criteria are meant to be used as general guidelines only, which may be modified or overruled in exceptional circumstances.

CLASS	% RANGE	ASSESSMENT CRITERIA
I	70-100	<ul style="list-style-type: none">- critical evaluation and synthesis of issues and material, which indicates a reflective approach- clear evidence of applications and/or empirical results, where applicable- extensive evidence of reading supplementary sources (including comprehensive referencing)- excellent, well-directed presentation, logically structured, using correct grammar and spelling
11(1)	60-69	<ul style="list-style-type: none">- critical evaluation and synthesis of issues and material- evidence of applications and/or empirical results, where applicable- wide knowledge and depth of understanding of principles & concepts- evidence of reading supplementary sources (including comprehensive referencing)- good presentation, logically structured, using correct grammar and spelling
II(2)	50-59	<ul style="list-style-type: none">- description of main issues and material (but no critical evaluation)- occasional use of applications and/or empirical results, where applicable- reasonable knowledge and depth of understanding of principles & concepts- limited evidence of reading supplementary sources (including comprehensive referencing)- neat presentation, competently structured, using acceptable grammar and spelling
III	40-49	<ul style="list-style-type: none">- description of main issues and material (but no critical evaluation)- little or no evidence of reading supplementary sources (including comprehensive referencing)- basic knowledge and depth of understanding of principles & concepts- evidence of basic reading only (and limited referencing)- weak presentation and structure
FAIL (condonable)	35-39	<ul style="list-style-type: none">- omission of important material- limited and/or inconsistent knowledge of key principles & concepts- evidence of minimal reading only (and inadequate referencing)- poor presentation, incorrect grammar and inadequate structure
FAIL	0-34	<ul style="list-style-type: none">- insufficient and largely irrelevant material- little or no evidence of knowledge of key principles & concepts- little or no evidence of reading (and little or no referencing)- unacceptable presentation, grammar and structure

Teaching Plan

The Market for Insurance

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Readings

The lecture notes for this module, including all the diagrams used, are available on my website (www.borooah.com). These will constitute the basic instructional material for this module.

In addition, students might like to consult:

1. **John Cullis and Philip Jones, Microeconomics: A Journey Through Life's Decisions, Prentice Hall, 2009.**
2. **Frank Cowell, Microeconomics: Principles and Analysis, Oxford University Press, 2005.**
3. **Hal Varian, Intermediate Microeconomics, WW Norton & Co., 2006.**

Electronic Sources

www.nber.org America's top economic research institute publishes new academic papers on its website every week long before they are picked by economic journals

www.rfe.org Resources for economists contains links to over 700 economic sites

www.econ161.berkeley.edu has economic book reviews

www.dismal.com and www.ft.com are websites dedicated to economic news and analysis

Indicative Journals

The Economic Journal

The American Economic Review

The Journal of Economic Perspectives

Journal of Economic Literature