

COURSE SPECIFICATION DOCUMENT

NOTE: ANY CHANGES TO A CSD MUST GO THROUGH ALL OF THE RELEVANT APPROVAL PROCESSES, INCLUDING LTFC.

Academic School/Department: Business and Economics

Programme: BA (Hons) Economics

FHEQ Level: 5

Course Title: Intermediate Microeconomics

Course Code: ECN 5205

Course Leader: Sabine Spangenberg

Student Engagement Hours: **120**

Lectures: 45

Independent / Guided Learning: 75

Semester: Fall/Spring/Summer

Credits: 12 UK CATS credits
6 ECTS credits
3 US credits

Course Description:

This course offers an intermediate approach to of microeconomics with a greater emphasis on quantitative approaches to problem-solving. More attention is paid to imperfectly competitive market structures and the corresponding market outcomes. The course addresses imperfect market structures and alternative models to the traditional theory of the firm.

Prerequisites: MTH 4110, ECN 4105

Aims and Objectives:

This course will study economic markets and the decision making within those markets. The markets that will be studied are competitive and non-competitive markets and those within which economic agents act strategically. Behavioural forms will be studied in a highly analytical and rigorous form and more mathematical sophistication is required for this course. In some cases game theoretical approaches will be used. The theoretical part of the course will be supplemented with applied examples.

Programme Outcomes:

A1, A5

B1, B2
C1 - C8

A detailed list of the programme outcomes are found in the Programme Specification.
This is located at the Departmental/Schools page of the portal.

Learning Outcomes:

Upon completion of this course, a successful student should be able to

Knowledge and Understanding

1. Demonstrate an in-depth understanding of the theory of the household and the theory of production.
2. Analyse the effects of changes of the determining variables.
3. Identify the economic implications of various market structures and judge their implications on welfare
4. Critically assess economic policy options that aim at the correction of market failures.

Subject-Specific Skills:

1. Make use of abstract and mathematical methods of analysis.
2. Assess the appropriateness of a model to a given situation, and apply appropriate microeconomic models to given situations.
3. Demonstrate an understanding of game theoretical approaches and can solve problems of imperfect market structures.
4. Communicate the assessment and the limitations of the given models.

Other Skills:

1. Demonstrate critical awareness of the concepts of production cost implications such as opportunity costs and strategic costs as well as marginal analysis.
2. Interpret incentive structures within the economic framework, linking strategy with desired outcome and expectations.
3. Make use of the behavioural and strategic foundations of game theoretical approaches and apply the conclusions to complex chains of behavioural events.
4. Show insight into the effects of exchange and the foundations of Pareto-Economics within a partial and a general equilibrium analysis.
5. Critically appraise the market form of perfect competition compared to imperfect competition in a rigorous analytical form.

Indicative Content:

1. Introduction, Assumptions, Models, Methodology
Structure-Conduct-Performance Approach (Varian Ch. 1; Lip. Ch. 1.2, 1.3)
2. Household Theory (Constraints, Preferences, Utility, Choice) (Varian Ch. 2,3,4,5)
3. Demand Theory and Estimation of Demand (Varian Ch. 6,7,14)
4. Changes in Demand and Slutsky Equation (Varian Ch. 8,9)
5. Inter-temporal Choice and Uncertainty (Varian Ch. 10, 12)
6. Market Demand: Elasticity and Revenue (Varian Ch. 15, Lip. Ch. 2.3)

7. Production Theory: Production Functions and Isoquant Analysis (Lip, Ch. 2.2, 3.2; Varian, Ch. 17)
8. Profit Maximization and Cost Minimisation (Varian Ch. 19, 20; Lip. Ch. 2.3)
9. Production Costs and Cost Curves (Varian Ch. 20, Lip. Ch. 2.2)
10. Firm Supply and Industry Supply (Varian Ch. 22, 23)
11. Market Equilibrium and Pareto-Efficiency (Varian, Ch. 16; Lip. Ch. 3.4)
12. The Deadweight Loss of a Tax (Varian Ch. 16)
13. Monopoly (Varian Ch. 24, 25)
14. Monopsony and the Case of the Minimum Wage (Varian Ch. 26)
15. Oligopoly (Varian Ch. 27; Lip, Ch. 6, 7)
16. Concentration Measurement (Lip. Ch. 8)
17. Firm Strategy and Performance (Lip. Ch. 11)
18. Welfare Concepts, Externalities, Public Goods (Varian, Ch. 30, 33, 35)

Assessment:

This course conforms to the University's Standard Assessment Norms outlined in the Programme Specification.

Teaching Methodology:

The course is lectured twice weekly. Student participation is essential and group discussions are a vital part of learning. Students are expected to undertake independent study and research to compose a written assignment the findings of which have to be presented in class.

Bibliography:

Required Texts:

- Lipczynski, J.; Wilson, J. O. S.; Goddard, J. (2009) *Industrial Organisation. Competition, Strategy, Policy* (3rd ed.), London: Prentice Hall.
- Osborne, M.J. (2009) *Introduction to Game Theory*, Oxford: OUP
- Varian H.R. (2009) *Intermediate Microeconomics. A Modern Approach* (8th edition), London: Norton.

Additional Literature:

- Debreu, G. (1959) *Theory of Value*, New York: Wiley.
- Dixit A., Skeath S. (2004) *Games of Strategy* (2nd edition), London: Norton.
- Fudenberg D., Tirole J. (2000) *Game Theory*, Cambridge: MIT Press.
- Hicks, J. (1946) *Value and Capital*, New York: OUP.
- Mansfield E., Yohe G.W. (2003) *Microeconomics: Theory and Applications* (11th edition), London: Norton.
- Nicholson W. (2007) *Intermediate Microeconomics and Application* (10th edition), Boston: South-Western College Publishing.
- Rasmusen, E. (2006) *Games and Information: An Introduction to Game Theory* (4th edition), Malden MA: Blackwell Publishers.
- Samuelson, P. (1947) *Foundations of Economic Analysis*, Cambridge, Mass: Harvard University Press.

Journals:

