Course Code and Title

Principles of Economics EC1101
Term 1 – Macroeconomics
Term 2 – Microeconomics

Aims

EC1101 is a first year course in macroeconomics and microeconomics. The course is suitable for students with or without A Level economics or equivalent. It aims to cover the basic theories of macroeconomics (that of the economy as a whole) and microeconomics (the behaviour of individuals, firms and governments). Macroeconomics is taught in the Autumn term, microeconomics in the Spring term.

Learning Outcomes

Upon completion of the course you should:

- understand how the goods and assets markets underpin growth, inflation and unemployment, and the role that fiscal and monetary policy play in macroeconomic management
- understand the theoretical basis to demand and supply, and the role of government intervention in individual markets
- be able to demonstrate ability in solving economic problems by solving and manipulating a variety of simple diagrammatic and algebraic models in macro- and microeconomics
- be able to evaluate models critically, including identifying the applications of, limitations to, and improvements in the models learned
Course Delivery

The course will be delivered through a weekly two-hour lecture and a weekly one-hour seminar. Specific learning topics and readings are prescribed for each week.

Seminar content will be based upon the week’s lecture. Seminar groups will be formed once classes start. Please find your group, and make it a point to attend regularly and participate actively. Unsatisfactory attendance could result in a formal warning being issued to you.

Weekly problem sets and other important information and materials are posted on this course’s MOODLE page.

The seminar leader can be consulted at the end of sessions and is the easiest and best first point of contact for any queries about materials covered in the course. The lecturer is available for consultation with queries, which cannot be answered by your seminar leader, during advertised office hours.

The Department operates a Tutorial program to support your learning in this course; extra classes (led by Postgraduate students) will take place where students can ask questions relating to the previous week’s seminars and related lecture material. It is available on a sign-up basis. Participation is not obligatory, but it is expected that students struggling with the course will attend. See the relevant notice board in the Horton Building for details and a sign-up sheet, or ask in the Department Office.

In addition to the hours you spend in lectures and seminars each week our expectation is that during term you will devote a minimum of 6 hours private study time to this course per week, and more during reading weeks. This time will be used on reading, preparing for seminars, revising and improving notes etc. If you do not commit this amount of time then you will probably fall behind and perform poorly. The instructors’ past experience indicates that this applies whether or not you have studied economics before.

Assessment

- 3-hour unseen examination contributing 50% of the final mark, taken during the Exam term. The exam will test your knowledge and understanding of material covered in the course; your ability to manipulate diagrammatic and algebraic versions of the models you have learned; your ability to apply and criticize models in ‘real’ economic situations.

- For the final exam, you will have some choice on which questions to answer.

- On-line quizzes will be conducted throughout the year and will carry a weight of 10% towards the final grade. Dates of the quizzes will be pre-announced.
Each term, there will be a one-hour midterm exam during the first hour of lecture. Each will carry a 20% weight towards your final grade.

- Summarizing the marking: 50% on the 3-hour examination; 10% on the quizzes; 40% on the midterm exams.
- Use your lecture notes, seminar exercises, textbook and additional materials, for regular study, and preparation for tests and exams. You should also learn to use associated websites (see below).

**Reading**

This is a textbook based course. The textbook is:


The library holds a number of copies for occasional use, including an electronic copy *Economics*, by John Sloman *et al*, various editions, is another useful textbook.

To improve your overall understanding of the subject and increase your interest in the application of economics to real world issues, chapters from Hamermesh, D. (2014 5th Edition) ‘Economics is Everywhere’, Worth, [EIE] will be useful for the spring term.

During your first year you are urged to form the habit of reading a quality *newspaper*. (i.e. the *FT*, *Times*, *Guardian*, *Independent* or *Telegraph*) and/or the weekly edition of the *Economist*.

To get you in the mood at the beginning of the course, or, over Christmas for light reading (as they are novels) we would also recommend:


In addition, familiarize yourself with useful web sources. The publishers of the Mankiw and Taylor book operate a website of student resources.

Finally, the best way to study is with two or three partners. Create a study group, quiz each other, go over material together. Most important, STUDY AND ATTEND LECTURES AND SEMINARS. For years where many students did not do this, and the failure rate was disturbingly high!!

**Macroeconomics – Autumn Term:**

This is for indication only as the order and speed at which subjects are covered may be altered. Recommended readings can be found on Moodle.

**Topic 1 Thinking like an Economist**
MT Chs 1 and 2

Topic 2 The data of Macroeconomics

MT Chs 20 and 21

Topic 3 The Real Economy in the Long Run

MT Chs 22 and 23

Topic 4 Money and the Financial System

MT Chs 24 and 26

Topic 5 Inflation

MT Ch 27

Topic 6 Open Economies

MT Chs 28 and 29

Topic 7 Business Cycles

MT Chs 30 and 31

Topic 8 Aggregate Demand, Aggregate Supply and Policy

MT Chs 32 and 33

Topic 9 Phillips Curve and Supply Side Policies

MT Ch 34 and 35

Microeconomics – Spring Term (More specific reading to be provided in lecture notes):

Topic 1 (W1) Scarcity and the Gains from Trade.

MT3 Ch 19

(EIE Chs 1, 20)

Topic 2 (W1, W2) Supply and Demand, Elasticity and Intervention in Markets

MT3 Chs 3, 4 and 8

(EIE Chs 2-5)

Topic 3 (W3) Consumer Choice/Indifference Curve Analysis
MT3, Ch 5
(EIE Ch 6)

**Topic 4 (w4)** Consumers, Producers and the Efficiency of Markets
MT3, Chs 7 and 9

**Topic 5 (W5)** Market Failure, Externalities and Asymmetric Information
MT3 Chs 10, 11 and 12
(EIE Ch 18)

**READING WEEK**

**Topic 6 (W7)** Perfectively Competitive Supply & the Theory of the Firm.
MT3 Chs 6 and 13
[EIE Chs 8-10]

**Topic 7 (W8)** Monopoly and Imperfect Competition
MT3 Chs 14 and 15
[EIE Chs 12 and 13]

**Topic 8 (W9)** Oligopoly, Games and Strategic Behaviour
MT3 Ch 16
[EIE Ch 14]

**Topic 9 (W10 + 11)** Labour Markets and Wage Inequality
MT3 Chs 17, 18
[EIE Chs 16 and 17]