

BS1163 – INTRODUCTION TO MICROECONOMICS

Module Number: BS1163

Module Title: Introduction to Microeconomics

Number of Aston Credits: 10

Total Number of ECTS Credits: 5
(European Credit Transfer)

Staff Member Responsible for the Module and Lectures:

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Office hour appointments can be booked at:

https://wass.aston.ac.uk/wass/pages/viewcalendar.page.php?makeapp=1&cal_id=158

Blackboard:

Module information, lecture notes and tutorial materials will be available on the Blackboard site for this module. There is also a discussion board where any general questions about the module can be posted.

Pre-Requisite(s) for the Module: None

Module Learning Outcomes:

On successful completion of the module students will:

- be introduced to a number of threshold concepts in economics and be able to think like an economist
- have received a comprehensive introduction to microeconomic theory and its application to economic analysis
- be able to apply a variety of economic tools and concepts to both the business and individual decision making process
- understand the role of markets and differences in market structure in determining both market outcomes and business decisions.

Lectures

2 hours per week in the Great Hall.

The lecture programme introduces students to key concepts, and indicates the appropriate areas for further study.

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Lecture Schedule & Required Reading:

INTRODUCTION

Week 1 Introduction

- Course arrangements and introduction.
- What is microeconomics?
- Thinking like an economist and key concepts in economics.

Reading: SLOMAN Chapter 1

PART I: MARKETS

Week 2 Demand, Supply

- Demand and its determinants.
- Supply and its determinants.

Reading: SLOMAN Chapter 2

Week 3 Market Equilibrium

- Market equilibrium and the price mechanism.
- Shifts in the demand and supply curve.
- The impact of price ceilings and floors on market outcomes.

Reading: SLOMAN Chapter 2

Week 4 Economic Welfare

- Consumer surplus.
- Producer surplus.
- Total welfare.

Reading: a chapter from another textbook (Mankiw, G., (2010), Economics) will be made available on Blackboard.

PART II: MARKETS IN ACTION

Week 5 Elasticity

- Price elasticity of demand.
- Elasticity and total revenue.
- Cross elasticity of demand.
- Income elasticity of demand.
- Price elasticity of supply.

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Reading: SLOMAN Chapter 3.1-3.4

PART III: COSTS, REVENUES & PROFITS

Week 6 Costs, Revenues, Profits, and the Firm's Supply Decision

- Calculating costs, revenues, and profits.
- Economic and accounting profit.
- Profit maximization and the firm's supply decision in the short and long run.

Reading: SLOMAN Chapter 5

PART IV: MARKET STRUCTURE

Week 7 Perfect Competition

- Profit maximisation under perfect competition.
- Firm and industry supply curves under perfect competition.
- Output, price, and profit in the short and long run.

Reading: SLOMAN Chapter 6.1-6.2 and 11.1

Week 8 Monopoly

- Profit maximisation by a single price monopoly.
- Price discrimination.
- Comparison of monopoly and perfect competition, and the disadvantages of monopoly.
- Natural monopolies.

Reading: SLOMAN Chapter 6.3-6.4 and 7.4.

Week 9 Imperfect Competition

- Monopolistic competition.
- Oligopoly.
- Introduction to game theory and the prisoners' dilemma.

Reading: SLOMAN Chapter 7.2-7.3

PART V MICROECONOMIC POLICY

Week 10 Market Failure and the Role of Government

- Efficiency of competition and inefficiency of market power.

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- Externalities, public goods, common resources and information problems.
- Role of government in ameliorating market failure.

Reading: SLOMAN Chapter 11.2-11.3,11.5

Week 11 Government Policy towards Business

Competition Policy, Privatisation, and Economic Regulation

- Competition policy.
- Public ownership and privatisation.
- Regulation.

Reading: SLOMAN Chapter 13

Tutorial Schedule:

The tutorial programme provides an opportunity for students to clarify, reinforce, and extend their understanding of the subject. Students are required to take part in the scheduled biweekly tutorials, where attendance will be taken.

Tutorial exercises will be made available on Blackboard. Students should attempt these exercises in advance. It may not be possible to cover all of the questions in the tutorial and therefore the tutorial leader will focus on the questions that students have found most difficult. Students should also have read the assigned textbook chapters and reviewed the appropriate lectures in advance.

TUTORIAL 1 (weeks 2 and 3): **DEMAND & SUPPLY**

TUTORIAL 2 (weeks 4 and 5): **MARKET EQUILIBRIUM**

TUTORIAL 3 (weeks 6 and 7): **ELASTICITY OF DEMAND**

TUTORIAL 4 (weeks 8 and 9): **THE SUPPLY DECISION**

TUTORIAL 5 (weeks 10 and 11): **MARKET STRUCTURES & THE PRISONERS' DILEMMA**

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Total Module Hours:

Reading & MyEconLab	44 hours
Revision	23 hours
Lectures and Seminars	27 hours
Weekly quizzes	4 hours
Examination	2 hours

Total **100 hours**

International Dimensions:

This module addresses international dimensions through direct examples in both lectures and tutorial sessions.

Corporate Connections:

The module includes material relevant to business through examples and cases studies employed in both lectures and tutorials.

Ethical Approval:

This module does not require any primary research and no ethical approval will be necessary.

Course textbook:

Sloman, J., and Wride, A., (2009), *Economics*, 7th Edition, Harlow: Prentice Hall, An imprint of Pearson Education. (ISBN 9780273721307)

Arrangements have been made for this version to be available in the university bookshop.

MyEconLab:

MyEconLab is an online resource. **All students** are required to register for the MyEconLab site for this module (**Details of how to register will be made available on the module blackboard site and in the first lecture**).

Throughout the module MyEconLab will be required for **weekly assessed quizzes** (see below).

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MyEconLab will also provide:

- a personalised study plan – this will provide additional practice questions in topics you are finding difficult
- practice questions for revision
- additional exercises, in-chapter question answers, news items, case-studies, animations and other supplementary material.

If you purchase the version of book “Economics with MyEconLab MathXL Pack” you can also upgrade your registration to include the e-book.

Background Reading:

The following titles apply the concepts covered in this course to everyday problems in a non-technical way, they are all available in the library:

Frank, R.H., (2008). *The Economic Naturalist: Why Economics Explains Almost Everything*, Virgin Books.

Harford, T., (2007). *The Undercover Economist*. Abacus.

Harford, T., (2008). *The Logic of Life: Uncovering the New Economics of Everything*. Little, Brown & Company.

Method of Assessment:

- **Weekly quizzes** (15%).
Throughout the course 6 weekly quizzes will be assigned. These will be taken in MyEconLab. Students should complete all tests and their final mark will be an average of their best 5 marks.
- **2 hour Exam** during January exam period (85%).

The 2 hour exam will include all materials covered in weeks 1-11 in the above description of the module content, as well as the material covered in all five tutorials.