

DEPARTMENT OF ECONOMICS

Econ 220: MICROECONOMIC PRINCIPLES 1 2014-15

COURSE AIMS & OBJECTIVES, KEY SKILLS AND LEARNING OUTCOMES

The course explores the decision making of economic agents (consumers and firms). It also examines how different market mechanisms operate to allocate resources. The topics it covers include utility maximization, profit maximization, cost minimization, and introduction to market structures.

This course is about Microeconomic Theory and its use in the analysis of contemporary policy problems. In the process, we will need to build a solid understanding of the operation of markets. While newspapers provide daily reminders of the movement of many economies toward market rather than government control of allocation, many policymakers continue to press for increasing government intervention. Our goal will be to develop a set of tools, a methodology that will allow reasoned and consistent analysis of markets. In order to reach this level of understanding, we must focus on how markets arrive at equilibrium outcomes. This requires a construction of optimal behavior by both consumers and producers, as well as the characteristics of the marketplaces in which they interact.

By the end of this course, students should have a knowledge and understanding of:

Analytical methods, both theory and model based

The relevance of different theoretical approaches to public policy and business problems.

By the end of this course, students should be able to:

Engage in abstract thinking by extracting the essential features of complex systems to facilitate problem solving and decision-making.

Engage in deductive and inductive reasoning to enhance problem solving and decision-making skills.

Apply theoretical, historical and quantitative methods to the analyses of public policy problems.

Understand the nature of incentives and opportunity costs in decision-making.

Think in marginal terms about the trade-offs involved in public policy and business decision making.

COURSE STRUCTURE

NUMBER OF LECTURES: 10 two hour lectures per week (weeks 1-10)

TUTORIALS: 10 one our tutorial per week.

COURSE CONVENOR: Professor Dakshina G. De Silva

room: B40
extension: 594023
e-mail: d.desilva@lancaster.ac.uk
office hours: Tuesday 11.00 – 12.00 noon

LECTURER AND TUTOR CONTACT INFORMATION (Including Office Hours)

Lecturers: Professor Dakshina G. De Silva
room: B40
extension: 594023
e-mail: d.desilva@lancaster.ac.uk
office hours: Tuesday 11.00 – 12.00 noon

and

Lecturers: Dr. David Rietzke
room: B42A
extension: 94554
e-mail: d.rietzke@lancaster.ac.uk
office hours: Wednesday 2.00pm – 4.00 pm

ADMINISTRATIVE SUPPORT STAFF

Sarah Ross email: s.ross@lancaster.ac.uk Tel: 01524 594601

Vicki Till email: v.till@lancaster.ac.uk Tel: 01524 594226

Lynda Crabtree email: l.crabtree@lancaster.ac.uk Tel: 01524 594025

The Administrative Staff are your primary point of contact for all administrative matters concerning Economics courses. Most matters can be resolved with a single face-to-face meeting. You may also contact the Economics Department Office via email.

Office Hours: Mon-Fri, 9:30-11:30 and 14:00-16:00, room MS B34

Please email the Administrative Support Staff if you are unable to attend during office hours to arrange an appointment.

Please note: The course website on MOODLE is the primary means of communication with students. Also any emails will be sent to your Lancaster email account which you should check regularly.

MOODLE INFORMATION

Course website via MOODLE: <https://mle.lancs.ac.uk/course>. Login using your regular Lancaster University access details. This opens a page headed MLE: My home.

CONTACT HOURS

Module contact hours for a 15 credit module - Students are expected to devote 150 hours to each 15 credit module. This figure is made up of timetabled hours and private study. For example, a 15 credit module with 20 hours of lectures and 10 hours of tutorials requires 120 hours of private study.

ATTENDANCE AND LECTURE INFORMATION

Attendance is monitored by class register at all compulsory classes i.e. tutorials, lecture seminars, computer laboratory sessions and workshops. Absences are recorded electronically against an individual's record. It is the responsibility of each student to ensure that their attendances are correctly recorded both in class and electronically. Students must report all absences (illness or otherwise) using the online self certification system <http://mylusi.lancs.ac.uk/StudentInfo/> then click on absence notification). In cases where illness is causing you to miss a coursework element or for an illness causing you to miss a continued number of classes, you are required to provide medical confirmation after consultation with a doctor/GP whilst ensuring that you still maintain your attendance record in the self certification system. Equally, we may feel it necessary to request that you provide additional documentation to support the reasons you have entered on the self certification system for your absence(s). Students who are absent without explanation will be recorded as an unauthorised absence and this will be reported to the appropriate Director of Studies, who decides whether disciplinary measures need to be taken. Persistent failure to attend without explanation will lead to referral to the Standing Academic Committee and the risk of permanent exclusion from the University. Please note that the University teaching day runs until 20:00 hours. If you have any event timetabled up to and including this you should not make any travel arrangements that involve you leaving Lancaster before this time, in particular on the last day of term.

TIMETABLE INFORMATION

For timetable information for this module please refer to <http://timetabling.lancaster.ac.uk/AcademicTimetable/Default.aspx>, using your Lancaster University username and password to login, then follow the link 'Timetables 2014/15': Students'. We advise that you check the online timetable regularly as timings and venues for lectures, tutorials, seminars, workshops, clinics, tests etc. can be changed at short notice from time to time. Please note that the University teaching day runs until 20:00 hours. If you have any event timetabled up to and including this you should not make any travel arrangements that involve you leaving Lancaster before this time, in particular on the last day of term.

COURSEWORK ASSESSMENT

There will be one midterms (8th week) and a final exam. All test questions will be short answer problem solving type. Programmable calculators are not allowed. The dates for the exams are as follows:

Midterm: 8th week.

Final exam: May/June 2015.

Grade: Midterm 1/3 and 2/3 final exam.

Note that all Econ 220 students are required to sit all tests. Unless a student is excused in advance from doing so, a test not taken will be awarded a mark of zero. Under Lancaster University regulations, students are required to be present for instruction and assessment throughout the teaching terms, and therefore students will not be excused from a test for reasons of e.g. weddings,

birthdays, anniversaries, other family occasions, holiday bookings, or flight booking windows. (n.b. This list is not exhaustive.)

For the times and venues of the test please consult your timetable. It is advised to check this regularly especially prior to the test in case there is any changes.

What should I do if I am too ill to attend a coursework test?

If you find that you are too ill to take a test, you must follow the procedures below:

- inform the Undergraduate Secretary (ex 94226) that you will not be attending the test.
- see a doctor at the Health Centre (not the nurses' unit) either before or on the day of the test to obtain medical evidence to support your absence. Please note you will be required to pay a charge of £16. Medical evidence dated after the test cannot be accepted.
- if the department is not informed of the reasons for any failure to produce coursework, a mark of zero is awarded.

COURSEWORK RETURN INFORMATION

The coursework will be marked and returned to students within 4 weeks of the test date/submission deadline.

MARKING CRITERIA AND PENALTIES

Marking criteria can be found on pages 20-21 of the Economics Undergraduate Handbook. An electronic copy of this can be found on the Econ Part 1 and Econ Part 2 Moodle pages.

FINAL MARK INFORMATION

This course is assessed by means of formal examination and coursework. The final exam for the course is taken in May/June of the current academic year. The final mark for the course is calculated $1/3\text{CWA} + 2/3\text{ Exam}$.

REVISION SESSIONS

You should be aware that there will be revision sessions provided during weeks 21 - 25 of Summer term. Please refer to your timetable for dates and times.

RESEARCH ETHICS

In the event that your coursework involves collecting information from or conducting interviews with individuals you should be aware of the following LUMS research ethics code of conduct. You will need to sign on the coursework submission form that you have followed these guidelines

CODE OF CONDUCT

These are the principles of the LUMS Code of Conduct:

1. Students will agree to conduct empirical research involving human participants in line with the University ethical research guidelines:
<http://www.lancs.ac.uk/depts/research/lancaster/ethics.html>.
2. Students will normally ensure that participation in their research activities is based on informed consent.
3. Students will be honest in all their relationships with research participants.
4. Students will be transparent as to the context and purpose of data collection.
5. Students will respect the confidentiality of information collected in their research activities.
6. Students shall respect the rights and well-being of all individuals and organisations affected by their research.
7. Students will ensure that respondents are not harmed or adversely affected by their research activities.
8. Students will respect the needs of participating individuals and/or organisations and the requirements of the University in meeting their academic requirements.
9. Students will discuss the research, design, and its operationalisation with their supervisors/module tutors, prior to conducting the research, to ensure that the above principles are adequately considered.

STUDENT FEEDBACK

At the end of the course students will be given the opportunity to provide feedback on the course. This is done through an online questionnaire using the Questionmark Perception software. Students will be notified via email during the course as to when the questionnaires will be available. This feedback is extremely valuable to the University as it enables us to identify areas of strength and weakness so that we can improve the course in the future. You are strongly advised to complete this questionnaire for every course that you take at Lancaster University.

COURSE TEXT AND RECOMMENDED READING

Hal Varian, "*Intermediate Microeconomics: A Modern Approach*", 9th Ed., Norton.
The lectures will emphasize the theory (following the Varian textbook very closely). Therefore, it is extremely important that you have access to a copy of this text book.

Austan Goolsbee, D. Levitt Stevenr, Chad Syverson. "Microeconomics" Worth Publishers – optional.

J.M. Perloff, "*Microeconomcs: Theory and Applications with Calculus*" (Pearson) – optional.

J. Perloff, *Microeconomics* (Addison-Wesley), 3rd edition – optional.

Course notes and questions for weeks 1-5 are available at
<http://www.lancs.ac.uk/staff/desilvad/review.htm>

Material for weeks 6-10 is available on the course Moodle site.

COURSE OUTLINE/LECTURE SCHEDULE

I. Introduction (week 1)

Review of relevant calculus techniques, Chapter 1, and tax incidence.

II. Consumer Theory (weeks 2-5)

A. Budget Constraint

Chapter 2

B. Preferences

Chapter 3

C. Utility

Chapter 4

D. Choice

Chapter 5

E. Demand

Chapter 6

F. Slutsky Equation

Chapter 8

G. Consumer's Surplus (Time permitting)

Chapter 14

III. The Theory of the Firm (weeks 6-10)

A. Production Technology

Chapter 19

B. Profit Maximization

Chapter 20

C. Cost Minimization

Chapter 21

D. Cost Curves

Chapter 22

D. Supply

Chapter 23-24

E. Introduction to market structures (time permitting)

No chapters to read. This is just an overview of coming attractions in ECON 221.