

# ECON1012: Principles of Economics II

January 2021

Department of Economics

UNIVERSITY OF THE WEST INDIES, MONA



Lecturer: Damien King, E212 McIntyre

Office Hours: Tue 2-4, Thu 9-11

Pre-requisites: ECON1000 or CAPE Economics

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## DESCRIPTION

This course builds upon the basic foundations laid down in *Principles of Economics* by applying the core principles and basic models of economics to additional economic issues and by exploring some of the theory and complexity behind a few of the relationships that were treated only intuitively and cursorily in the earlier course. To that end, the course covers consumer and producer decisions at greater depth.

## LEARNING OUTCOMES

Upon successful completion of the course, the student should be able to:

Analyse how a typical person's purchases would respond changes in income and product prices.

Determine how an industry's prices and output would respond to different stimuli under various market conditions.

Explain why an economy's level of production fluctuates from year to year.

Apply fiscal and monetary policy to influence the level of economy.

Evaluate the effectiveness of economic policies.

Identify the causes of differences in the living standards amongst households.

## ASSESSMENT AND DELIVERY

The final grade is determined from in-course quizzes (50%) and a comprehensive final examination (50%).

The course syllabus is delivered in two lecture hours and one tutorial hour per week.

Problem sets will be provided for practice at problem solving and should be attempted prior to the start of each tutorial class.

## RESOURCES

N. Gregory Mankiw, *Principles of Economics* (any edition), South-Western, United States.

Tim Harford, *The Undercover Economist*, Oxford University Press, Oxford, 2012.

Additional material on the course web site.

## SYLLABUS

<p><b>11. Elasticity</b></p> <ul style="list-style-type: none"><li>11.1. Price Elasticity of Demand</li><li>11.2. Determinants of Elasticity</li><li>11.3. Other Elasticities</li></ul> <p><b>12. The Consumption Decision</b></p> <ul style="list-style-type: none"><li>12.1. The Basic Elements of Choice</li><li>12.2. The Feasible Set: The Budget</li><li>12.3. The Objective: Preferences</li><li>12.4. Optimizing: The Best Choice</li><li>12.5. Income and Substitution Effects</li></ul> <p><b>13. The Production Decision</b></p> <ul style="list-style-type: none"><li>13.1. The Production Decision</li><li>13.2. Fixed and Variable Costs</li><li>13.3. The Production Decision with Varying Costs</li><li>13.4. Marginal Cost and Marginal Revenue</li><li>13.5. The Firm in the Long Run</li></ul> <p><b>14. Market Power</b></p> <ul style="list-style-type: none"><li>14.1. Market Structures</li><li>14.2. Market Power and Market Outcomes</li><li>14.3. Price Discrimination</li><li>14.4. The Industry in the Long Run</li></ul> <p><b>15. Strategic Behaviour</b></p> <ul style="list-style-type: none"><li>15.1. Game Theory</li><li>15.2. Oligopoly</li></ul>	<p><b>16. Money and Banking</b></p> <ul style="list-style-type: none"><li>16.1. What is Money?</li><li>16.2. Fractional Reserve Banking</li><li>16.3. The Central Bank</li></ul> <p><b>17. Employment: the Market for Factors</b></p> <ul style="list-style-type: none"><li>17.1. The Demand for Labour</li><li>17.2. The Supply of Labour</li><li>17.3. The Market for Labour</li><li>17.4. The Natural Rate of Unemployment</li><li>17.5. The Market for Capital</li></ul> <p><b>18. Fluctuations: the Market for Goods</b></p> <ul style="list-style-type: none"><li>18.1. Aggregate Demand</li><li>18.2. Fluctuations in the Short Run</li><li>18.3. Aggregate Supply in the Long Run</li><li>18.4. Fluctuations in the Long Run</li></ul> <p><b>19. Inequality and Poverty</b></p> <ul style="list-style-type: none"><li>19.1. Measuring Inequality</li><li>19.2. Explaining Inequality</li><li>19.3. Should Inequality be Reduced</li><li>19.4. Reducing Inequality</li></ul> <p><b>20. Public Finance</b></p> <ul style="list-style-type: none"><li>20.1. Expenditure</li><li>20.2. Goals of Taxation: Efficiency</li><li>20.3. Goals of Taxation: Revenue</li><li>20.4. Goals of Taxation: Equity</li><li>20.5. The Fiscal Accounts</li></ul>
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