

ECON1012: Principles of Economics II

September 2020

Department of Economics

UNIVERSITY OF THE WEST INDIES, MONA



Lecturer: Damien King, E212 McIntyre

Office Hours: Tue 9-11, Fri 3-5

Pre-requisites: ECON1000 or CAPE Economics

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>11. Elasticity</p> <ul style="list-style-type: none">• Price Elasticity of Demand• Other Elasticities <p>12. The Consumption Decision</p> <ul style="list-style-type: none">• The Basic Elements of Choice• The Feasible Set: The Budget• The Objective: Indifference Curves• Optimizing: The Best Choice• Income and Substitution Effects <p>13. The Production Decision</p> <ul style="list-style-type: none">• Production Decision with Constant Costs• Costs of Production• Production Decision with Varying Costs• Marginal Cost and Marginal Revenue• The Firm in the Long Run <p>14. Market Power</p> <ul style="list-style-type: none">• Market Structures• Market Power and Market Outcomes• Price Discrimination• The Industry in the Long Run <p>15. Strategic Behaviour</p> <ul style="list-style-type: none">• Game Theory• Dominance and Nash Equilibria• Oligopoly	<p>16. Money and Banking</p> <ul style="list-style-type: none">• Definition and History of Money• Structure and Functioning of Banking• Instruments of Monetary Policy <p>17. Employment: the Market for Labour</p> <ul style="list-style-type: none">• The Market for Labour• The Natural Rate or Unemployment• Other Factor Markets <p>18. Fluctuations: the Market for Goods</p> <ul style="list-style-type: none">• Aggregate Demand, Aggregate Supply• Adjustment in the Long Run• Fiscal Policy and Monetary Policy <p>19. Inequality and Poverty</p> <ul style="list-style-type: none">• Concepts• Theory• Policies <p>20. Public Finance</p> <ul style="list-style-type: none">• Expenditure• Taxation• The Fiscal Accounts
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