

STAT0001 Economics 2 - Combined Studies

<i>Year:</i>	2023–2024
<i>Code:</i>	STAT0001
<i>Level:</i>	5 (UG)
<i>Normal student group(s):</i>	Year 2 Mathematics with Economics and Year 2 Economics and Statistics degrees
<i>Value:</i>	30 credits (= 15 ECTS credits)
<i>Term:</i>	1 and 2
<i>Assessment:</i>	90% examination and two 5% multiple choice tests
<i>Normal Pre-requisites:</i>	MATH0002
<i>Lecturer:</i>	Prof N Ovenden and Dr A Donovan

Course Description and Objectives

Economics is the science of allocating scarce resources among competing social wants. Microeconomics describes how individuals and firms make informed tradeoffs between scarce alternatives in order to improve their well being. Macroeconomics, on the other hand, is the study of the economy as a whole in an attempt to explain aggregate trends. This intermediate course is designed to develop further the concepts introduced in MATH0002 and to prepare students for optional courses in economics taken in the third year. The emphasis will be on understanding the main economic models thoroughly so that they may be applied to analyse real-world policymaking. As always, while a mathematical approach is encouraged throughout, the main concepts are also illustrated graphically. Furthermore, emphasis is placed on the intuition behind the concepts to enable more profound understanding. Nevertheless, students in this course require both knowledge and understanding of standard techniques in algebra and calculus.

Recommended Texts

Varian, H.R., *Microeconomic Analysis*, 3rd Revised Edition, W.W. Norton and Company, NY, USA 1992 (ISBN-13:978-0393957358).

Blanchard, O.J. and Johnson, D.R., *Macroeconomics*, 6th Edition (Global Edition), Pearson Education, USA 2012 (ISBN-13: 978-0273766339).

Varian, H.R., *Intermediate Microeconomics: A Modern Approach*, 8th International Student Edition, W.W. Norton and Company, NY, USA 2010 (ISBN-13:978-0393935332).

Detailed Syllabus

Term 1

Microeconomics: budget constraints, preferences and utility, choice and demand, revealed preference, the Slutsky equation, consumer surplus, choice under uncertainty, production technology and profit maximisation, cost minimisation and cost curves, competitive markets.

Term 2

Microeconomics: monopoly and price discrimination, exchange equilibrium, first and second welfare theorems, game theory, duopoly, simultaneous price and quantity setting, quantity and price leadership models, capacity precommitment.

Macroeconomics: the facts of economic growth, saving, capital accumulation and output, the Solow-Swan model of growth, technological progress, the Solow residual, introduction to endogenous growth.