Applied Microeconomics 1

Module Code: ECO00046M  Credits: 10  Term: 1

Contact Hours: 9 Lectures, 7 hours of Seminars & Problem Solving Classes (16 contact hours)

Module Organiser: Dr. Y. Ju

Overview:

This module is designed to provide an introduction to elements of microeconomic theory which are applicable to a range of decision-making and policy problems in public and private sectors. The course presents both analytical material and examples of the application of analysis to a range of policy and decision making issues.

Aims:

- to offer insights obtainable from theoretical microeconomic models;
- to lay a foundation in micro theory that is used to study and understand other fields of economics and finance;
- to provide an understanding of the methodological issues involved in the application of such models;
- to interpret the results of such applications in decision-making contexts;
- to provide a bridge between microeconomic theory and real world decision-making and policy problems;
- to provide the underlying theory and analysis for other courses to build upon. Thus optional courses such as Applied Microeconometrics and Finance and Investment, represent opportunities to consolidate and extend on material covered in this course.

Objectives:

On completing the module a student will be able to:

- understand: the theory of consumer choice, including decision-making under uncertainty; welfare theory and Pareto optimality; the theory of the firm and general equilibrium analysis; the theory of imperfect competition in goods markets;
- understand the relevant methods (some reasonable level of maths including calculus, differentiation, integral, probability, and linear algebra) and then be able to solve the analytical exercises. In most cases, they are the constrained optimisation problems;
- command some basic proof techniques and logical reasoning, which are essential skills in applying the theory to practice and analysing policy.
- understand techniques involved in applications of the above theories;
- understand the application of theoretical materials to policy issues.
Assessment:

There will be a two-hour unseen examination scheduled for the Spring Term. The examination comprises typically four questions, and students are required to choose two to answer.

Pre-requisites:

None. However, students are expected to have the basic maths knowledge and skill in calculus.

Main References:


This is a well written text, offering a clear, complete and formal treatment of all important topics in microeconomics. It is (probably) the most widely used graduate text for microeconomics in the world.

For those who have not studied economics in their undergraduate programmes, the following textbook should be helpful.


The following text books are also useful references although not really required.


This is a thorough treatment of microeconomic analysis, with an emphasis on the underlying theory and with some basic use of mathematics.


Readers will enjoy the chapters on individual and social choice, game theory and topics in information economics. This is a well written text and an alternative to Gravelle and Rees.


This is a more complete and more formal presentation of the required topics than contained in the above books. It is recommended for students with a good economics background who are happy to to pursue the subject on an advanced, modern level.


This is perhaps the most advanced and complete treatment of microeconomics. It is generally taken as the text for graduate modules like Advanced Microeconomics in the world.