

**ST. MARY'S COLLEGE**

**FORM ...Lower Six**

**SUBJECT- Economics UNIT 1**

Course Outline 2014-2015

**Term 1: September-December 2014**

<b>Proposed Date/Weeks</b>	<b>Unit/Section/Module</b>	<b>Main Topic</b>	<b>Sub Topic</b>
<b>1-2</b>	<b>1</b>	<b>TOPIC 1: Central Problem of Economics</b>	<ul style="list-style-type: none"><li>• scarcity;</li><li>• opportunity cost</li><li>• production possibilities frontier (PPF);</li><li>• positive and normative economics;</li><li>• Advantages and disadvantages of the alternative mechanisms by which resources are allocated.</li></ul>
<b>2-3</b>	<b>1</b>	<b>TOPIC 2: Theory of Consumer Demand</b>	<ul style="list-style-type: none"><li>• Utility, the law of diminishing marginal utility and the limitation of marginal utility theory Indifference curves and budget lines;</li><li>• Consumer equilibrium using the marginal utility approach;</li><li>• Consumer equilibrium using the indifference curve approach;</li><li>• Income and substitution effects of a price change</li></ul>
<b>3-4</b>	<b>1</b>	<b>TOPIC 2: Theory of Consumer Demand (continued)</b>	<ul style="list-style-type: none"><li>• Effective demand</li><li>• Demand curve using both the marginal utility and indifference curve approaches</li><li>• Normal, inferior and Giffen goods</li><li>• Shifts of the demand curve and movements along the demand curve</li><li>• Factors that affect demand</li><li>• Consumer surplus</li><li>• Price elasticity, income elasticity and cross elasticity of demand</li><li>• Calculate and interpret numerical values of elasticity</li><li>• Assess the implications of price elasticity of demand for total spending and revenue</li><li>• Factors that determine the price elasticity of demand.</li></ul>

<b>Proposed Date/Weeks</b>	<b>Unit/Section/Module</b>	<b>Main Topic</b>	<b>Sub Topic</b>
<b>5-6</b>	<b>1</b>	<b>TOPIC 3: Theory of Supply</b>	<ul style="list-style-type: none"> <li>• Explain why supply curves are usually positively sloped</li> <li>• Explain the concept of producer surplus</li> <li>• Explain the shape of the short run and long run supply curves;</li> <li>• Distinguish between a movement along the supply curve and a shift in the supply curve</li> <li>• Elasticity of supply</li> <li>• Calculate and interpret elasticity of supply</li> </ul>
<b>6-7</b>	<b>1</b>	<b>TOPIC 3: Theory of Supply</b>	<ul style="list-style-type: none"> <li>• The factors of production</li> <li>• Production function</li> <li>• The short run and long run</li> <li>• The law of diminishing returns Total, average and marginal physical product</li> <li>• The relationships among total, average and marginal physical product</li> <li>• The stages of production as they relate to total, average and marginal product</li> </ul>
<b>8</b>	<b>1</b>	<b>TOPIC 3: Theory of Supply</b>	<ul style="list-style-type: none"> <li>• Average, marginal and other costs</li> <li>• The relationship among total, average and marginal costs</li> <li>• Explain returns to scale and the concepts of economies and diseconomies of scale</li> </ul>
<b>9</b>	<b>1  </b>	<b>TOPIC 4: Market Equilibrium</b>	<ul style="list-style-type: none"> <li>• The concept of the market and market equilibrium</li> <li>• Outline factors that cause changes in equilibrium</li> </ul>
<b>10</b>	<b>1  </b>	<b>TOPIC 4: Market Equilibrium</b>	<ul style="list-style-type: none"> <li>• Evaluate the impact of price controls on market equilibrium</li> <li>• Analyse the effects of taxation and subsidies on market equilibrium</li> </ul>
<b>11</b>	<b>2</b>	<b>TOPIC 1: Market Structure (Part 1)</b>	<ul style="list-style-type: none"> <li>• Outline the goals of the firm</li> <li>• Explain how firms measure profits</li> <li>• Explain the concepts of average, marginal and total revenue</li> <li>• Explain the concept of market structure</li> <li>• Outline the characteristics of the different market structures</li> </ul>

**ST. MARY'S COLLEGE**

**FORM ...**

**SUBJECT- Economics UNIT1**

Course Outline 2014-2015

**Term 2: January-March 2015**

<b>Proposed Date/Weeks</b>	<b>Module</b>	<b>Main Topic</b>	<b>Sub Topic</b>
<b>1-2</b>	<b>2</b>	TOPIC 1: Market Structure (Part 2)	<ul style="list-style-type: none"><li>• Distinguish among the different market structures</li><li>• Factors that influence the pricing and output decisions of the firm</li><li>• Calculate and interpret measures of industrial concentration</li></ul>
<b>3</b>	<b>2</b>	TOPIC 2: Market Failure	<ul style="list-style-type: none"><li>• The concept of economic efficiency</li><li>• Distinguish among private goods, public goods and merit goods</li><li>• Distinguish between social costs and private costs and social benefits and private benefits</li><li>• Explain the concept and causes of market failure</li><li>• Explain what is meant by deadweight loss</li></ul>
<b>4</b>	<b>2</b>	TOPIC 3: Intervention	<ul style="list-style-type: none"><li>• Measures used by government to correct market failure;</li><li>• Measures used by the private sector to correct market failure.</li></ul>
<b>5-6</b>	<b>3</b>	TOPIC 1: The Demand for and Supply of Factors	<ul style="list-style-type: none"><li>• Marginal productivity theory</li><li>• Analyse the factors affecting the supply of land, capital and labour</li><li>• Analyse the factors determining rent, interest and wages;</li><li>• Distinguish between transfer earnings and economic rent.</li></ul>
<b>6-7</b>	<b>3</b>	TOPIC 2: <i>Wage Differentials</i>	<ul style="list-style-type: none"><li>• The concept of wage differentials</li><li>• Imperfections in the labour market</li><li>• The effect of labour mobility on wages</li><li>• The concept of compensating wage differentials</li><li>• The role of Government, Trade Unions and Employers' Associations in the pricing of labour.</li></ul>

8-9	3	<p>TOPIC 3: <i>Income inequality, Poverty and Poverty Alleviation</i></p> <p style="text-align: center;">  </p> <p style="text-align: center;">  </p>	<ul style="list-style-type: none"> <li>• Size and functional distribution of income</li> <li>• Measures of income inequality</li> <li>• Measures used to reduce income inequality</li> <li>• Absolute and relative poverty</li> <li>• Factors that contribute to poverty</li> <li>• Explain why certain categories of people are more susceptible to poverty than others</li> <li>• <i>Evaluate</i> the different ways used to measure poverty</li> <li>• Strategies used by Governments to alleviate poverty</li> <li>• The economic costs of poverty</li> <li>• The economic benefits of government intervention to alleviate poverty</li> </ul>