1 Aims & Objectives

This module will extend the microeconomics and macroeconomics you learned in first year.

Microeconomics. In this module you will learn about strategic behaviour and about market failure: the various real life situations in which the market does not deliver optimal outcomes. In the case of market failure, achieving an optimal outcome requires that free markets have to be supplemented by other devices or institutions. Two major sources of market failure are information asymmetry (this occurs when one party to a transaction knows more than the other party) and the existence of Externalities and Public Goods. In the case of strategic behaviour, economic outcomes depend not just on one’s own actions but, also, on the actions of others. Consequently, people in economic life have to behave strategically, taking account of what others will also do. Weeks 3-6 of the module will address these issues. Weeks 1 and 2 weeks will cover more familiar microeconomic topics, relating to the consumer and the producer, with a view to refreshing, and extending, knowledge about basic concepts and material.

Macroeconomics. This module will refresh the macroeconomics you learned in first year and build on it in 3 major directions. First, the study of growth and development will be introduced via the Solow and Romer growth models. Second, we will develop an equilibrium business cycle model. Third, we will explore topics related to hyperinflation and public finance using guest lectures.

1.1 Learning Outcomes

After this module, students should be able to

- Analyse decision making under conditions of uncertainty and the role of insurance in reducing uncertainty
- Understand why non-competitive markets lead to inefficient outcomes and how this may be quantified.
- Understand the factors behind Ireland’s economic growth.
• Be able to describe and identify different phases of the business cycle.
• Be familiar with the workhorse models of open and closed macroeconomics.

2 Teaching Material & Contact Details

A brief lecture note, will be made available through the Sulis portal before the lectures. Dr. Kinsella’s lectures will also be available as podcasts from www.stephenkinsella.net. Usually the best way to get in touch with Dr. Kinsella is via email to stephen.kinsella@ul.ie. Be sure to follow proper email etiquette.

3 Reading List

The prime text for the course is Economics for Business, compiled by S. Kinsella, is available in the Library (10 copies), and at O’Mahony’s bookstore, priced at 43 euros.

Purchase of the textbook is strongly encouraged. You will need the book to participate in tutorials, to engage in supplementary reading following your lectures, and as a reference during your online tests with Sulis (see Section 7 below). Remember, if you rely solely on the 10 library copies these may be on loan when you need them most.

Several other relevant texts are available from the University Library and are listed here as supplementary reading:


4 Module Layout

The items covered in each week correspond to the order chapters appear in the textbook, and the lectures are titled after each chapter you will encounter in the book.

Microeconomics

Week 1 Utility and Choice, Individual Demand Curves, chapters 2 & 3
Week 2 Market Demand and Elasticity, chapters 3, & 4.
Week 3 Uncertainty, chapter 5.
Week 4 Game Theory, chapter 6.
Week 5 Production, chapter 7.
Week 6 Costs & Profit Maximisation chapters 8 & 9.
Macroeconomics

**Week 7** Thinking about Macroeconomics & National Income Accounting chapters 10 & 11.

**Week 8** No Lectures


**Week 10** Markets, Prices, Supply, and Demand, chapter 14.

**Week 11** Consumption, Saving, and Investment, chapter 15.

**Week 12** An Equilibrium Business- Cycle Model, chapter 16.

**Week 13** Capital Utilization and Unemployment, chapter 17.

5 Important Times

Your lectures will take place on Thursdays at 12-1pm in the University Concert Hall (FG-061) located in the Foundation Building, and Fridays at 12-1pm for group A and from 1-2pm for group B in FG042, also in the Foundation Building. Lectures will run from Week 1 to Week 13 inclusive, with no lectures during week 8.

You are also required to attend a weekly small-group tutorial starting from Week 3. Each student is assigned to a specific tutorial time and it is not normally possible to change the time you are allocated. To find out which group you have been assigned to, please check the online timetable website (www.timetable.ul.ie).

6 Assessment

You will be assessed using a combination of online continuous assessments (20%), and a final written exam (80%).

6.1 Online Tests

You will take two online tests using University of Limerick’s “Sulis” website described in Section 7. Each online test will comprise 15 multiple choice questions randomly drawn from a large testbank. Negative marking will not be applied to the online tests. The open-date, close-date, duration and content of each test is described here and summarised in Table 6.1 below. To take a practice test please follow the instructions in Figures 6 and 7 below.

- **Test One** will cover all material lectured in Weeks 1-6. Test One will open at 09h00 on Friday of Week 6 (October 17th) and close at 14h00 on Friday of Week 7 (October 24th). You may take the test at any time during this seven day “window”.

- **Test Two** will cover all material lectured in Weeks 7 to 13. Test Two will open at 09h00 on Friday of Week 12 (November 28th) and close at 14h00 on Friday of Week 13 (December 5th).
6.2 Written Exam

Your final exam will be during Weeks 15/16. The format will be multiple choice. **Negative marking will apply.** Further information will be given in lectures and tutorials during Week 13.

6.3 Repeat Guidelines

A student with a deficient grade may retake their assessment during the Annual Repeats in Summer 2009. The repeat examination is worth 100% of the overall assessment and follows the multiple-choice/short-answer format of the original examination.

7 About Sulis

Sulis is University of Limerick’s new online learning portal. Sulis is effectively a module website where you can read announcements, view some slides/diagrams from your lectures, download handouts and also take continuous assessment tests.

Here are some Frequently Asked Questions regarding Sulis:

- **Can I use Sulis from home?**
  Yes. The weblink is https://sulis.ul.ie.

- **How do I register for Sulis?**
  You will be automatically registered for Sulis by the beginning of Week 2.

- **What is my username and password?**
  Use your University login: UL ID Number and your network password.

- **How do I find the EC4004 Economics for Business page?**
  Please follow the instructions in Figure 3 below. Note: you may need to wait until Week 2 for the site to be fully operational.

- **Is there a practice test I can take before starting Online Test One?**
  Yes. Please follow the instructions in Figures 6 and 7 below. Feel free to take the practice test as many times as you like as the practice results are not stored.

- **How many times may I take each online test?**
  You only get one attempt at each of the four online tests. Make sure your textbook is to hand before starting and that your internet connection is reliable!

- **Where can I get more help with Sulis?**
  From the main page, select [Memberships] and then [Joinable Sites]. A list of available sites will appear, find “Sulis Support” and hit [Join]. If you can’t log into Sulis at all please email: EC4004ContactPoint@staffmail.ul.ie.
• I have waited until Week 2, but EC4004 still hasn’t appeared in the list of “My modules”?

Sulis is linked to the Student Academic Services records database. If you have waited until Week 2 and EC4004 does not appear on your “My modules” list you should check that you are properly registered for this module by calling to the Student Academic Services offices in the Main Building (www.ul.ie/studentacademicadmin). If they subsequently update your registration, Sulis will know within 24 hours.

8 Getting Started with Sulis

• Important! Do not click your web browser’s Back (◀) or Forward (▶) buttons while using Sulis. Instead you must use Sulis’s own buttons such as: [Submit] [Cancel] [OK].

• Note! Sulis may not be fully operational until Week 2.

• Type https://ulis.ul.ie into your browser’s address bar to get started.

Figure 1: Use your UL ID Number and regular network password to log in.
Figure 2: “My Workspace” is the name for your own private desktop/account in Sulis. Nobody else can log into or view your Sulis account. Notice the [Logout] button in the top righthand corner. Click on [My modules] on the horizontal menu bar to find Microeconomics...

Figure 3: Click on [EC4004-SEM2] to enter our homepage. Return to the Frequently Asked Questions in Section 7 if EC4004 is not listed here for you.
Figure 4: Welcome to the EC4004 Homepage. From the menu on the left, select [Resources] to download module notes. Select [Tests & Quizzes] to take a practice test or to take your online tests later in the semester. Select [Gradebook] to view your test results (this will be empty until you complete Test One).

Figure 5: In [Resources] you may download this module Outline and a selection of lecture slides and other resources.
**Figure 6:** [Tests & Quizzes] lists any assessments which are open. To take the practice test just click on [Practice Test]. Later in the semester “Test One” and “Test Two” will also appear in this list.

**Figure 7:** Before you commence the test, Sulis will inform you of the time limit (30 minutes) and the due date. You must complete “Test One” and “Test Two” before the closing dates listed in Section 6 of this handout.
Figure 8: During your test a timer (the green bar) will remind you how much time you
have left. The questions will appear in a vertical list, all on one page. Just click the
circular radio button (⊙) to select your answer for each question. Continue on down the
page answering each question. Please do not tick [Mark for Review] as you will not need
this function.

Figure 9: If you are satisfied that you have answered all of the questions to the best of
your ability, click [Submit for Grading] and Sulis will get to work marking your test. Please
do not click [Save & Exit] as you do not need this function.
**Figure 10:** This is a receipt. It lets you know that you have completed the test and that we have received your answers. Clicking [Return] will bring you back to the main EC4004 homepage.