

# FP018-30 Economics

**23/24**

**Department**

Warwick Foundation Studies

**Level**

Foundation

**Module leader**

Virginia Sharpe

**Credit value**

30

**Module duration**

25 weeks

**Assessment**

100% coursework

**Study location**

University of Warwick main campus, Coventry

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## Description

### Introductory description

n/a

[Module web page](#)

### Module aims

The module aims to provide a sound basis in the fundamentals of economic concepts and principles and their application to real world situations. Students will develop analytical skills using economic models and diagrammatical tools provided during the lectures. Students will learn how to apply these economic models to real world scenarios and how to construct sound arguments that underpin critical essay writing.

### Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

#### Unit 1: Microeconomics

- The Economic Problem

- o The nature and purpose of economic activity
- o Introduction to microeconomics versus macroeconomics
- o Economic resources
- Scarcity and resource allocation;
  - o Scarcity, choice and the allocation of resources
  - o Production possibility diagrams
  - o Value judgements, positive and normative statements
  - o Supply and demand
  - o Analysing equilibrium in markets
  - o The price mechanism
  - o Changes in market conditions
  - o The efficient allocation of resources
- Elasticity
  - o Price elasticity of demand
  - o Income elasticity of demand
  - o Cross-price elasticity of demand
  - o Price elasticity of supply
- Consumer choice;
  - o Utility theory
  - o Consumer surplus
  - o Efficiency
- Producer theory
  - o Cost curves
  - o Revenue
  - o Profit
  - o Time period
- Profit maximisation under alternative market structures;
  - o Perfect Competition – short run and long run
  - o Oligopoly – competitive and collusive oligopolies
  - o Monopoly - sources of monopoly power, price discrimination
- Behavioural economics;
  - o The Objectives of Firms
  - o The Divorce of Ownership and Control
  - o Strategic thinking and game theory
- Economics of market failure;
  - o The meaning of market failure
  - o Positive and negative externalities in consumption and production
  - o Merit and demerit goods
  - o Public goods
  - o Monopoly and the allocation of resources

## Unit 2: Macroeconomics

- Economic schools of thought;
  - o Modelling the determination of national income;
  - o Main Macroeconomic Targets (low inflation, full employment, economic growth and a healthy balance of payments)

- o The Role of the Government and Economic Policy
- Macroeconomic indicators (GDP, CPI, RPI, unemployment)
  - o Income, output, and expenditure identity
  - o Circular flow model
- The Long-run vs the Short-Run
- Economic Growth – causes and consequences
- The Business Cycle
- Employment and Unemployment (causes and costs)
- Inflation and Deflation (Causes and costs)
- International trade and competitiveness
  - o The exchange rate
  - o Trade and the Balance of Payments
- The goods and the money market;
  - Aggregate demand – consumption, investment, government spending, net exports
  - Demand and supply of money
  - Interest rates and the transmission mechanism
  - Aggregate supply – short run and long run
- Economic Policy
  - o Fiscal Policy
  - o Monetary Policy
  - o Supply side policy

## Learning outcomes

By the end of the module, students should be able to:

- Explain core microeconomic concepts of resource allocation, demand and utility theory, supply, equilibrium and elasticities of demand and supply.
- Analyse microeconomic models of supply and market failure and apply them to individuals and markets in the economy with reference to improving economic efficiency and welfare through government intervention.
- Evaluate alternative views of government intervention to solve current issues in the macroeconomy, applying economic theory to a range of real world contexts and communicating the results.

## Indicative reading list

Sloman, J., Garratt, D., (2016) Essentials of Economics, 7th edn., Harlow, Pearson

Gillespie, A., (2016) Foundations of Economics, 4th edn., New York, Oxford University Press

[View reading list on Talis Aspire](#)

## Research element

Students are required to choose a country to research in Summative assessments 3 and 4.

Students will research examples of the application of theory to real world situations and evaluate the outcomes.

In summative assessment 3 students will examine examples of market failure that have resulted in government failure.

In summative assessment 4 (final exam) students will research the factors affecting the success of investment for economic growth.

In both cases the research element forms 40-45% of the assessment mark.

## **International**

Students are encouraged to bring the experience of their home country to the course.

Students are required to research a country of their choice for both the coursework essay and the final examination assessment, giving them the opportunity to evaluate how governments in other countries respond to problems in individual markets and in the macroeconomy.

## **Subject specific skills**

.Analysis and interpretation of economic data

Use of diagrammatic and mathematical models to explain economic theory

Application of economic theories to real world contexts through individual research.

Analysis and evaluation of the impact of macroeconomic policies on the achievement of macroeconomic objectives.

## **Transferable skills**

Use of mathematics and diagrammatical analysis

Use of analytical and critical thinking skills

Use and interpretation of data.

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## **Study**

### **Study time**

<b>Type</b>	<b>Required</b>
Lectures	25 sessions of 1 hour (8%)
Seminars	75 sessions of 1 hour (25%)
Online learning (scheduled sessions)	(0%)
Online learning (independent)	50 sessions of 1 hour (17%)
Private study	90 hours (30%)
Assessment	60 hours (20%)
Total	300 hours

### **Private study description**

50 hours on online independent learning to engage with the required readings for each week, recorded short, topic lectures and other online resources.

89 hours of private study to consolidate learning.

## Costs

No further costs have been identified for this module.

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## Assessment

You must pass all assessment components to pass the module.

### Assessment group A3

	<b>Weighting</b>	<b>Study time</b>
Multiple Choice Quiz	20%	12 hours
The first assessment will focus on general introductory concepts in economics and basic microeconomic concepts of demand, supply and elasticities. It will be a one hour online Moodle multiple choice quiz.		
Essay (1500 words)	30%	18 hours
The microeconomics essay will focus on themes related to the theory of supply, market structure, market failure and government intervention with a view to improving efficiencies and welfare.		
Written Report (2000 words)	50%	30 hours
The report will focus on individual research into different aspects of the macroeconomy and the evaluation of different theoretical approaches to solving current macroeconomic issues.		

### Feedback on assessment

Tabula general and individual feedback; one to one feedback by appointment

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## Availability

### Courses

This module is Core for:

- Year 1 of FIOE Warwick International Foundation Programme

This module is Core option list A for:

- FIOE Warwick International Foundation Programme
  - Year 1 of FP13 Warwick International Foundation Programme - Mathematics and Economics

- Year 1 of FP11 Warwick International Foundation Programme - Social Sciences