

CONTENTS

1. EXPLORING THE SUBJECT MATTER OF ECONOMICS

Why study economics? Scope and method of economics; the economic problem: Scarcity and choice; the question of what to produce, how to produce and how to distribute output; science of economics; the basic competitive model; prices, property rights and profits; incentives and information; rationing; opportunity sets; economic systems.

2. SUPPLY AND DEMAND: HOW MARKETS WORK, MARKETS AND WELFARE

Markets and competition; determinants of individual demand/supply; demand/supply schedule and demand/supply curve; market versus individual demand/supply; shifts in the demand/supply curve, demand and supply together; how prices allocate resources; elasticity and its application; controls on prices; taxes and the costs of taxation; consumer surplus; producer surplus and the efficiency of the markets.

3. THE HOUSEHOLDS

The consumption decision - budget constraint, consumption and income/price changes, demand for all other goods and price changes; description of preferences (representing preferences with indifference curves); properties of indifference curves; consumer's optimum choice; income and substitution effects; labour supply and savings decision - choice between leisure and consumption.

4. THE FIRM AND MARKET STRUCTURE

Behaviour of profit maximizing firms and the production process; short run costs and output decisions; costs and output in the long run; Monopoly and anti-trust policy;

government policies towards competition; imperfect competition.

5. INPUT MARKETS

Labour and land markets - basic concepts (derived demand, productivity of an input, marginal productivity of labour, marginal revenue product); demand for labour; input demand curves; shifts in input demand curves; competitive labour markets; and labour markets and public policy.