



APPLIES TO ACADEMIC YEAR 2010/2011

ELE 3713 Market theory

Programme

Responsible for the course

Department

Department of Economics

Term

According to study plan

ECTS Credits

7,5

Language of instruction

Norwegian

Introduction

The main purpose of this course is to teach students the basic principles of market mechanism and price formations in markets. The students will learn the economic principles behind exchange and transactions, price formations under supply and demand, implications of competition and market forces, price formations under different market mechanism, in addition to the benefit function in the market.

Learning outcome

Acquired knowledge

The purpose of the course is to train students in the systematic analysis of consumer and firm behaviour in various market situations, and to provide them with an understanding of the efficiency of resource use given different market forms (perfect competition, monopoly and monopolistic competition).

Acquired skills

After taking this course students should be able to solve simple microeconomic optimization problems, and to understand the main principles of economic modelling.

Reflection

An aim of the course is to encourage students to reflect on and distinguish between the impact market changes have on efficiency versus their distributive effects, and to be conscious the distinction between efficiency goals and other considerations not captured by the market analysis.

Prerequisites

None specific.

Compulsory reading

Books:

Frank, Robert H. and Ben S. Bernanke. 2009. Principles of microeconomics.. 4th ed. Boston : McGraw-Hill/Irwin

Recommended reading

Course outline

Part 1 Introduction

- Introduction to price management
- Trade and Comparative Advantage

Part 2 Microeconomic principles for price decisions

- Thinking Like an Economist
- Supply and Demand: An Introduction
- Comparative Advantage: The Basis for Exchange
- Price in international markets

Part 3 Managers price decisions

- Elasticity
- Demand: The Benefit Side of the Market

- Perfectly Competitive Supply: The Cost Side of the Market
- Efficiency and Exchange
- The Quest for Profit and the Invisible Hand

Part 4 Market Imperfections

- Monopoly and Other Forms of Imperfect Competition
- Thinking Strategically
- The Economics of Information

Computer-based tools

No specified computer-based tools are required.

Learning process and workload

The course comprises 36 hours of teaching and 6 hours with review of exercises and discussions in class.

Three (3) compulsory assignments will be given during the course. Further information will be given in the lectures and through It's learning.

Recommended workload in hours:

| Activities | Hours |
|----------------------------------|--------------|
| Lectures | 36 |
| Review of exercises | 6 |
| Work with compulsory assignments | 18 |
| Student preparations | 36 |
| Exercises | 49 |
| Independent study | 50 |
| Exam | 5 |
| Recommended use of time | 200 |

Use of hours

36 hours - Lectures

67 hours - Review of exercises and discussions in class

3 hours - To whom who is responsible for administration of assignments

45 hours total

Coursework requirements

Examination

A five-hour individual written exam concludes the course.

Examination code(s)

ELE 37131 - Written exam, counts 100% to obtain final grade in ELE 3713 Market theory, 7,5 ECTS credits.

Examination support materials

BI-defined exam calculator is allowed. TEXAS INSTRUMENTS BA II Plus™

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.
<http://www.bi.edu/studenthandbook/examaids>.

Re-sit examination

A re-sit is held in connection with the next scheduled exam in the course.

Additional information