



APPLIES TO ACADEMIC YEAR 2011/2012

## **ELE 3713 Market theory**

### **Programme**

Elective

### **Responsible for the course**

Christian Riis

### **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 mechanisms and price formations in markets. The students will acquire knowledge about the economic principles behind exchange and transactions, price formations under supply and demand, implications of competition and market forces, price formations under different market mechanisms, in addition to the benefit function in the market.

### **Learning outcome**

#### **Acquired knowledge**

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

#### **Acquired skills**

On completion of 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 covered by the market analysis.

### **Prerequisites**

None specific.

### **Compulsory reading**

#### **Books:**

Frank, Robert H. and Ben S. Bernanke. 2009. Principles of microeconomics. 4th ed. 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 of 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:

<b>Activities</b>	<b>Hou rs</b>
Lectures	36
Review of exercises	6
Work on compulsory assignments	18
Student preparations	36
Exercises	49
Independent study	50
Examination	5
<b>Recommended use of time</b>	<b>200</b>

#### **Use of hours**

36 hours - Lectures

67 hours - Review of exercises and discussions in class

3 hours - To the person(s) responsible for the administration of assignments

45 hours in total

#### **Examination**

A five-hour individual written examination concludes the course.

#### **Examination code(s)**

ELE 37131 - Written examination, counts 100% towards the final grade in ELE 3713 Market theory, 7,5 ECTS credits.

#### **Examination support materials**

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

Examination support materials in connection with written examinations are specified under information about examinations in our web-based Student handbook. Please note the 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**