

Engineering Tripos Part IIA, 3E1: Business Economics, 2019-20

Module Leader

[Dr F. Schneider](#) [1]

Lecturer

Dr F. Schneider

Lab Leader

Timing and Structure

Michaelmas term. 16 lectures and coursework.

Aims

The aims of the course are to:

- Introduce students to the use of economics to understand the operation and decisions of businesses, their industrial environment and the macroeconomy.

Objectives

As specific objectives, by the end of the course students should be able to:

- Understand and be able to work with the basic theory of demand and supply and market equilibrium.
- Understand the theory of the rational consumer and the derivation of individual and market demand curves.
- Understand the theory of the firm, including the various types of costs that the firm faces, the idea of profit maximisation and the equilibrium of the firm.
- Understand different forms of market structure, including perfect competition, monopoly and oligopoly.
- Understand simple game theory.
- Understand the arguments for the efficiency of markets and the assumptions on which these arguments depend.
- Understand the concepts of market failure, externalities and public goods, and the policies a government might use to deal with them.
- Understand national income accounting and the standard Keynesian macroeconomic model.
- Understand the main determinants of the different components of aggregate demand.
- Understand the possible impacts of monetary and fiscal policy.
- Appreciate the possible relationships between inflation and unemployment.
- Understand the relationship between exchange rates and the balance of payments.
- Appreciate some of the basic explanations of economic growth.
- Understand many of the arguments for and against a single European currency.

Content

Microeconomics (8L)

- Markets: The supply and demand framework.

- Understanding demand: The theory of the consumer.
- Understanding supply: The theory of the firm and different market structures.
- Strategic interaction: Game theory.
- Welfare Economics: The pareto criterion, market failure and the role of government.

Macroeconomics (8L)

- Conceptualising the macroeconomy.
- National income determination: consumption, saving and investment.
- National income determination: the government sector.
- National income determination: the foreign sector.
- Inflation and Unemployment.
- The balance of payments and exchange rates.
- Economic growth.
- Europe and the Euro.

Coursework

Coursework details (as discussed in class)

- Essay of about 3-4 pages
- Propose a well-defined market of your choice (e.g., minivans, apple cider, mobile phone providers)

Booklists

Please see the [Booklist for Part IIA Courses](#) [2] for references for this module.

Examination Guidelines

Please refer to [Form & conduct of the examinations](#) [3].

UK-SPEC

This syllabus contributes to the following areas of the [UK-SPEC](#) [4] standard:

[Toggle display of UK-SPEC areas.](#)

GT1

Develop transferable skills that will be of value in a wide range of situations. These are exemplified by the Qualifications and Curriculum Authority Higher Level Key Skills and include problem solving, communication, and working with others, as well as the effective use of general IT facilities and information retrieval skills. They also include planning self-learning and improving performance, as the foundation for lifelong learning/CPD.

IA1

Apply appropriate quantitative science and engineering tools to the analysis of problems.

KU1

Demonstrate knowledge and understanding of essential facts, concepts, theories and principles of their engineering discipline, and its underpinning science and mathematics.

KU2

Have an appreciation of the wider multidisciplinary engineering context and its underlying principles.

S1

The ability to make general evaluations of commercial risks through some understanding of the basis of such risks.

US1

A comprehensive understanding of the scientific principles of own specialisation and related disciplines.

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Links

[1] <mailto:fgs27@cam.ac.uk>

[2] <https://www.vle.cam.ac.uk/mod/book/view.php?id=364091&chapterid=46651>

[3] <https://teaching26-27.eng.cam.ac.uk/content/form-conduct-examinations>

[4] <https://teaching26-27.eng.cam.ac.uk/content/uk-spec>