



LUND
UNIVERSITY

School of Economics and Management

NEKA12, Economics: Level 1, 30 credits
Nationalekonomi: Grundkurs, 30 högskolepoäng
First Cycle / Grundnivå

Details of approval

The syllabus was approved by The Board of the Department of Economics on 2011-06-07 and was last revised on 2017-03-14. The revised syllabus applies from 2017-08-28, autumn semester 2017.

General Information

This is an introductory course in economics. The course consists of the mandatory sub-courses 'Microeconomic Theory and Applications' (ECTS credits: 11), 'Macroeconomic Theory and Economic Policy' (ECTS credits: 9), 'Financial Economics' (ECTS credits: 5), and 'International Economics' (ECTS credits: 5).

Language of instruction: Swedish

Main field of studies

Economics

Depth of study relative to the degree requirements

G1N, First cycle, has only upper-secondary level entry requirements

Learning outcomes

Knowledge and understanding

a) Microeconomic Theory and Applications

Students shall:

- be able to give an account of the main questions and problems within economics,
- understand basic microeconomic theories and models,
- be able to understand and evaluate the outcome of markets,
- understand the role of the public sector in the economy,
- be able to generalise their knowledge to economic problems that have not been treated during the course.

b) Macroeconomic Theory and Economic Policy

Students shall:

- be able to account for central issues and problems in economics,
- be able to account for basic macroeconomic terminology,
- understand basic macroeconomic relations, theories and models,
- understand how economic policy affects macroeconomic outcomes,
- know about central events in recent macroeconomic history,
- be able to generalise their knowledge to issues and problems not covered in the course.

c) Financial Economics

Students shall acquire a basic:

- knowledge of financial economics,
- understanding of the role of the financial system in the economy,
- understanding of the general function of financial markets,
- understanding of the valuation of some financial assets,
- knowledge and understanding of simple financial risk measures.

d) International Economics

Students shall:

- understand various theories and economic mechanisms explaining international trade,
- understand the gains and losses emanating from international trade,
- be able to explain the effects of trade impediments and how international trade negotiations and trade agreements affect the extent of international trade,
- be able to describe the historical role that import limitations and export oriented policies has had in developing countries' strategy for economic growth,
- understand how conflicts may arise between national interests and the application of common international rules.

Competence and skills

a) Microeconomic Theory and Applications

Students shall have the ability to independently:

- decide what theory or model is applicable to a given problem,
- use microeconomic theories and models to analyse microeconomic issues and problems,
- analyse the role of government in the economy,
- place microeconomic theory in a scientific context,
- give an account of and discuss their microeconomic abilities.

b) Macroeconomic Theory and Economic Policy

Students shall have the ability to independently:

- analyse what theory or model is applicable for a given problem,
- use macroeconomic theories and models to analyse macroeconomic issues and problems,
- analyse the effects of economic events and economic policy on macroeconomic outcomes,

- analyse macroeconomic news and the macroeconomic development,
- be able to account for and discuss their macroeconomic abilities.

c) Financial Economics

Students shall have the ability to independently:

- apply fundamental financial theory to real world problems,
- use models and concepts to price simple financial instruments,
- use elementary measures of financial risk,
- give an account of and discuss the knowledge they have acquired of financial economics.

d) International Economics

Students shall have the ability to independently:

- analyse explanations of international trade and how economic factors affect the trade pattern between countries,
- analyse the effects of trade, trade policies and trade agreements on economic outcomes,
- analyse causes and effects of capital and Labour mobility between countries,
- evaluate the arguments for and against departures from free trade that have been used by developing and developed countries as a strategy for industrial development,
- account for and discuss their knowledge of international economics.

Judgement and approach

a) Microeconomic Theory and Applications

Students shall develop the ability to pursue further studies in the subject. Students shall have the ability to analyse economic questions with a high degree of independence. Students shall also adopt a critical and scientific approach.

b) Macroeconomic Theory and Economic Policy

Students shall develop the ability to pursue further studies in the subject. Students shall develop the ability to analyse fundamental macroeconomic questions with a high degree of independence. Students shall increase their understanding of, and be able to analyse, economics as seen in the news and in political discussions. Students shall also adopt a critical and scientific approach.

c) Financial Economics

Students shall develop the ability to critically analyse common economic-financial issues and developments. Students shall also develop the ability to pursue further studies in the subject.

d) International Economics

Students shall develop the ability to critically analyse common issues and development trends in international economics. Students shall also develop the ability to pursue further studies in the subject.

Course content

a) Microeconomic Theory and Applications (ECTS credits: 11)

The sub-course starts with a short introduction to the central questions within economics followed by a presentation of the necessary institutions in a free market economy. The pricing problem is developed within a model of supply and demand. This model acts as a starting point for a deeper analysis of consumer and producer behaviour. Choice and decision making is analysed using preferences and utility functions. On the supply side, three alternative market structures are studied: perfect competition, monopolistic competition, and monopoly. The role of the government is analysed from three different perspectives: welfare economics, where the government corrects market failures; public choice, where the government is run by utility maximising politicians and bureaucrats; and new institutional economics, with a focus on owners' rights and transaction costs.

b) Macroeconomic Theory and Economic Policy (ECTS credits: 9)

The sub-course starts with a short introduction to the central issues and terminology of macroeconomics. Then, the following areas are treated:

- national and finance accounts,
- unemployment and labour market policies,
- inflation,
- the role of the central bank in monetary policy,
- the functions and role of money in the macroeconomy,
- exchange rates and exchange rate systems,
- the Keynesian model for short run macroeconomic analysis,
- the AS-AD model and the Phillips curve for medium term macroeconomic analysis,
- the effects on macroeconomic outcome of various economic events,
- macroeconomic policy (fiscal and monetary policy),
- long run economic growth,
- some macroeconomic events since 1970.

c) Financial Economics (ECTS credits: 5)

The sub-course starts with a description of the different roles of the financial system, followed by a survey of the most important financial markets and instruments including simple derivatives. Throughout the whole course special attention is given to the pricing of risk and risk management. The portfolio choice of a risk avert individual is thoroughly examined. The efficient market hypothesis and its role in making investment decisions is also discussed. Finally, corporate financing and dividend policy are discussed.

d) International Economics (ECTS credits: 5)

The sub-course starts with a survey of the theories of international trade, an analysis of profits associated with international trade, and the effects of international trade on the price of goods and factor prices. Furthermore, the role of firms in the global economy are studied as well as theories of factor mobility and the emergence of transnational corporations. The sub-course also treats the motives behind different trade policies and the effect they can have, and the framework and organisation of the international trade system. Finally, the role of trade policy and regional integration for trade and development is discussed.

Course design

1. Teaching: a) "Microeconomic Theory and Applications": Tuition consists of lectures, supervised exercises and seminars, b) "Macroeconomic Theory and Economic Policy": Tuition consists of lectures and supervised exercises, c) "Financial Economics": Tuition consists of lectures and supervised exercises, d) "International Economics": Tuition consists of lectures and supervised exercises.

Assessment

1. Examination: There is separate examination for each sub-course. One part of the examination always consists of a written exam at the end of each sub-course. There will be further opportunities for examination close to this date. The examination of the sub-course "Microeconomic Theory and Applications" also consists of home assignments. The examination of the sub-course "Macroeconomic Theory and Economic Policy" also consists of compulsory and other home assignments. The sub-course "International Economics" also consists of a home assignment. The sub-course "Financial Economics" also consists of a home assignment. Points from home assignments for all sub-courses are valid for the exam and re-exam during the term when the home assignment was handed in. For all sub-course, other forms of examination can be included to a limited extent.

2. Limitations on the number of examination opportunities: –

The University views plagiarism very seriously, and will take disciplinary action against students for any kind of attempted malpractice in connection with examinations and assessments. Plagiarism is considered to be a very serious academic offence. The penalty that may be imposed for this, and other unfair practices in examinations or assessments, includes suspension from the University for a specified period.

Subcourses that are part of this course can be found in an appendix at the end of this document.

Grades

Marking scale: Fail, E, D, C, B, A.

1. Grading: The official grading scale is A, B, C, D, E and Fail.

Grade (Definition), Points or percentage out of maximum points, Characteristic

A (Excellent), 85–100, A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.

B (Very good), 75–84, A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.

C (Good), 65–74, The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.

D (Satisfactory), 55–64, The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.

E (Sufficient), 50–54, The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.

U (Fail), 0–49, The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought. Students have to receive a grade of E or higher in order to pass a course.

2. Weighting grades for different parts of the course: Grading for the whole course is decided as a weighted average. For each sub-course, a number of points is awarded according to the table below.

Grade	Points: Microeconomic Theory with Applications and Macroeconomic Theory and Economic Policy	Points: Financial Economics and International Economics
A	10	5
B	8	4
C	6	3
D	4	2
E	2	1

The total number of points scored in all sub-courses constitutes the basis for the grade according to the table below. In addition, for all of the five grades, at least the grade E is required in each sub-course.

Points	Highest grade on sub-course: A	Highest grade on sub-course: B	Highest grade on sub-course: C	Highest grade on sub-course: D	Highest grade on sub-course: E
27–30	A	-	-	-	-
21–26	B	B	C	-	-
15–20	C	C	C	D	-
9–14	D	D	D	D	E
6–8	E	E	E	E	E

3. Grading scales for different parts of the course: –

Entry requirements

General and courses corresponding to the following Swedish Upper Secondary School Programs: English 6, Mathematics 3b/3c and Social Studies 1b/1a1+1a2.

Further information

1. Transitional regulations: This course replaces NEKA11 "Economics: General Course".

2. Limitations in the period of validity: –

3. Limitations: This course cannot be included in the same degree as either of the courses NEKA11 "Economics: General Course", NEK230 "Economics: General Course", NEK220 "Economics: General Course", NEK210 "Economics: General Course", or NEK200 "Economics: General Course".

4. Similar courses: The sub-course "Microeconomic Theory and Applications" has the same contents as NEKA51 "Microeconomic Theory and Applications" and NEKA61 "Microeconomic Theory with Applications". The sub-course "Macroeconomic Theory and Economic Policy" has the same contents as NEKA52 "Macroeconomic Theory and Economic Policy" and NEKA62 "Macroeconomic Theory and Economic Policy". The sub-course "Financial Economics" has the same contents as NEKA53 "Financial Economics – level 1", NEKA63 "Financial Economics" and NEKA41 "Financial Economics – level 1". The sub-course "International Economics" has the same contents as NEKA54 "International Economics" and NEKA64 "International Economics".

5. Limitations in renewed examination: –

Subcourses in NEKA12, Economics: Level 1

Applies from H11

- 1101 Microeconomic Theory with Applications, 11,0 hp
Grading scale: Fail, E, D, C, B, A
- 1102 Macroeconomic Theory and Economic Policy, 9,0 hp
Grading scale: Fail, E, D, C, B, A
- 1103 Financial Economics, 5,0 hp
Grading scale: Fail, E, D, C, B, A
- 1104 International Economics, 5,0 hp
Grading scale: Fail, E, D, C, B, A
- 1105 Compulsory Excel Assignment, Macroeconomics, 0,0 hp
Grading scale: Fail, Pass