

Module Specification

Module Summary Information

1	Module Title	Advanced Economic Theory
2	Module Credits	20
3	Module Level	6
4	Module Code	QME6032

5	Module Overview
<p>The module will develop your knowledge of economic theory to enhance your skills in analysing economic problems and situations. Topics covered will be competitive equilibrium, welfare theorems, general equilibrium with incomplete financial markets, public choice, choice under uncertainty, asymmetric information (signalling and principal agent models) and game theory (Nash equilibria, subgame perfection, super-games).</p> <p>This will provide you with an understanding of economic theory appropriate for a single-honours economics graduate. It will also provide the theoretical material required to prepare a student to undertake postgraduate study in economics.</p> <p>The module will take advantage of academic research specialisms, incorporating guest lectures from experts from within and outside the University. The intention is to give students a direct experience of how advanced economic theory is used to inform our understanding of the economy, both positively and normatively.</p>	

6	Indicative Content
<ul style="list-style-type: none"> Lecture on the Edgeworth Box, allocations, Pareto efficiency, and competitive equilibrium. Students will do a class exercise to test understanding of allocations and Pareto efficiency. Short lecture on the first and second welfare theorems, class exercise to consolidate this. Short lecture on the Arrow – Debreu model and Arrow securities. Class exercise to consolidate understanding of these topics. Lecture on market incompleteness and its implications, nominal and real indeterminacy and the implications for monetary / macroeconomics and finance (Part 1). Class exercise to consolidate understanding of these topics. Part 2 of incomplete financial markets and their implications. Class exercise to consolidate this. Lecture on social welfare functions and public choice; Arrow's impossibility theorem. Short lecture on the Groves-Clark tax. Class exercise on the groves-Clark tax. Lecture on choice under uncertainty; expected utility and non – expected utility theories. Class exercise on these topics and application to real world examples Moral hazard; the principal agent model. Adverse selection, signalling. Applications to financial contracts Lecture on solution concepts for simultaneous moves games. Class exercise to familiarise students with these methods Sequential moves games and games of incomplete information Advanced economic theory and macroeconomics: Coordination failure and wage contracts Advanced economic theory and macroeconomics: Menu costs and policy games 	

7	Module Learning Outcomes		
	On successful completion of the module, students will be able to:		
	1	Appraise and critique modern mainstream and heterodox economic theory and its usefulness in analysing economic problems.	
	2	Calculate equilibrium allocations of economic resources as predicted by advanced economic models.	
	3	Differentiate between economic models for the purposes of using them to review economic problems.	
	4	Formulate economic models to analyse real economic problems.	

8	Module Assessment		
Learning Outcome			
	Coursework	Exam	In-Person
1-4		X	

9	Breakdown Learning and Teaching Activities	
Learning Activities		Hours
Scheduled Learning (SL) includes lectures, practical classes and workshops, peer group learning, Graduate+, as specified in timetable		48
Directed Learning (DL) includes placements, work-based learning, external visits, on-line activity, Graduate+, peer learning, as directed on VLE		48
Private Study (PS) includes preparation for exams		104
Total Study Hours:		200