

Sustainable Economics

Module “Basics in Economic Sciences“ (10 CP)

Tuesdays, 13:15 – 14:45, room 16

Lecture Organization

- 1) Introduction
 - a) Economics and Sustainability
 - b) Principles of Economics
 - c) Outlook: The Ecological Economics Perspective
Mankiw – Chapters 1/2

Part I: Microeconomics

- 2) Overview: Supply and Demand on Competitive Markets
 - a) The Characteristics of Competitive Markets
 - b) Determinants of the Demand Curve
 - c) Determinants of the Supply Curve
 - d) Market Equilibrium
Mankiw – Chapters 4/5/6/7
Gawel – Exercises 1-4, 24, 27
- 3) The Theory of Consumer Choice
 - a) The Budget Constraint and the Consumer’s Preferences
 - b) The Consumer’s Optimization Problem
 - c) Consumer Choice and Behavioral Economics (Case Study: “Green” Consumption)
Mankiw – Chapter 21
Gawel – Exercises 11, 22, 30
- 4) The Costs of Production and the Behavior of the Firm
 - a) From the Production Function to the Total Cost Curve
 - b) The Various Measures of Costs
 - c) Profit Maximization and the Competitive Firm’s Supply Curve
Mankiw – Chapters 13/14
Gawel – Exercises 16, 46
- 5) Imperfect Competition
 - a) Classification of Market Forms
 - b) The Monopoly (Case Study: Water Utilities)
 - c) The Oligopoly (Case Study: The OPEC)
Mankiw – Chapters 15/16
Gawel – Exercises 21, 49a

Part II: Public Economics

- 6) Cases of Market Failure
 - a) Overview: Externalities, Public Goods, Market Power, Information Asymmetries (Case Study: The Market for Lemons, Labeling and Certification)
 - b) Failures in Market Adaptation Processes: Path Dependencies (Case Study: The Carbon Lock-In)
Mankiw – Chapters 10/11/15
Varian – Chapter 35

- 7) Externalities
 - a) Principles of Welfare Economics
 - b) Positive and Negative Externalities in Production and Consumption (Case Study: Climate Change)
 - c) Private Solutions: The Coase Theorem
 - d) Public Policies Towards Externalities (Case Studies: European Emission Trading System and the Renewable Energy Sources Act (EEG))
Mankiw – Chapter 10
Gawel – Exercise 57a

- 8) Public Goods and Common Resources
 - a) The Different Kinds of Goods
 - b) Public Goods (Case Study: Payments for Nature Protection Area in Ecuador)
 - c) Common Pool Resources (Case Study: The Aral Sea)
Mankiw – Chapter 11
Gawel – Exercise 57

Literature

Gawel, Erik: *Exercises in Microeconomics*, Lohmar/Köln: Eul 2010.

Mankiw, Gregory N.: *Principles of Economics*, Third Edition, Mason, Ohio: Thomson/South-Western 2004.

Varian, Hal R.: *Intermediate Microeconomics: A Modern Approach*, Fourth Edition, London: W. W. Norton and Company 1996.

Contact

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Consulation Hours: On request via email

Grading

Written Examination (40 minutes – as part of a 120 minutes module examination)