

DEPARTMENT OF ECONOMICS

Cork University Business School, University College Cork

EC2110: Microeconomics: Organisations and Institutions

Handout # 1

Academic Year: 2019/20

Programmes: BA (Arts-Music); BA (D&TS) International Pathway; BA (LCS); BA Hons (Major), (Joint), (Minor); BA (Chinese Studies); B.Sc. (CS); BA (Film and Screen Media); BA (International).

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Lecture Schedule: Wednesday 2pm-3pm GEOG_LT
Friday 11-12noon (Boole1)
Lecture recordings will be posted on Canvas

Information & Assistance

Individual Consultations: Student Support Hours*	Opening Times: Wednesday 3.00pm – 4.30pm Friday 12.00pm – 1.00pm 9.30-12.30 & 2.30-4.30 (Mon-Fri)	Aras Na Laoi Location: Room: EC1.11 Room: EC1.13 – 1.17
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* These are dedicated student hours when you will definitely find me in my office. However, I am in my office most days and happy to chat about all things economics or about the module. If you want to check I am in before you call up you can call me on my office number above or drop me an email at d.jordan@ucc.ie. You can also email to schedule a time to meet. You do not need to bring any material with you if you are calling in to my office during student support hours.

1. Module Aims

The aim of this module is to understand and practise the use of economic thinking to address contemporary challenges facing economies and societies. We will consider how the economic way of thinking relates to and can be used to address critical issues in social justice, including economic inequality and climate change. We will study the intersection between ethical and economic decision-making and consider how economic thinking may be applied to social phenomena including trust, charity, fairness, and wellbeing. This includes consideration of social outcomes, of which economic outcomes are a subset.

2. Learning Outcomes

On successful completion of this module, students should be able to:

- Reflect upon the relationships between ethical and economic decision-making.
- Explain why markets may not provide socially efficient outcomes in the presence of external effects and public goods, and suggest solutions to the problems they pose.
- Critically assess the micro-foundations of government's role in economic activity.
- Explain the sources and implications of economic inequality and assess policy responses to address inequality.
- Assess, from an economic perspective, the effectiveness of measures to address climate change and climate justice.
- Evaluate the role of economics in explain non-market interactions and behaviours

3. Module Outline

1	Ethics and Economics <ul style="list-style-type: none">• Sources of Ethics• Models of ethical decision-making• Ethics and economics• Are markets value-neutral?	Readings as provided on Canvas
2	Social Economics <ul style="list-style-type: none">• Charity and Fairness• Trust and Revenge• Social Interactions and Influences	Acemoglu et al (Chapter 18) – copy provided on Canvas
3	Climate and Economics <ul style="list-style-type: none">• Externalities and Market Failure• Taxes and Subsidies• Measurement challenges• Social justice and climate• Norms and institutions• Climate change or system change?	The Economy – CORE-ECON (Unit 20) and other readings on Canvas
4	Economic Inequality <ul style="list-style-type: none">• Types of economic inequality• Sources of economic inequality• Implications of inequality• “Revenge of the places that don’t matter”• Addressing inequality	The Economy – CORE-ECON (Unit 19) and other readings on Canvas

4. Recommended Reading

This module uses the e-book and resources available through the CORE Project (<http://www.core-econ.org>). This book is free to download. The chapters and sections we will use are set out in the table above. Additional readings and articles will be posted to the course website on Canvas. All material posted on Canvas is part of the module and it is expected that you will be familiar with it. If you encounter any difficulties with material, please let me know and we can discuss this in class or at student hours.

Readings are provided for you to reflect on critically and you are not expected to accept or agree with the author's opinions.

Details of readings by topic are included at the end of this outline. Where the links are to articles behind a pay-wall, pdf versions will be available on Canvas.

5. Module Assessment

This module is assessed by an in-class exam worth 20% of the total module grade and an end-of-Semester exam worth 80% of the total module grade.

The in-class exam will contain 20 multiple choice questions (MCQ) and will take place on Friday, March 13, 2020 at 11am. The location has yet to be confirmed.

The end-of-Semester exam, in May, is one and a half hours (90 minutes) long and accounts for 80% of the marks for this course. The exam will have the following structure

SECTIONS	TYPE AND CHOICE OF QUESTIONS	% OF MARKS
A	Short Questions: Do 4 out of 6	50%
B	Long Questions: Do 1 out of 2	50%

Please note, students that do not pass the end-of-Semester exam in May, may sit a repeat exam in the Autumn. The Autumn exam has the same structure as the May exam. The marks achieved in the in-class exam are carried forward so that the Autumn exam also accounts for 80%. Students that do not pass the in-class exam and also do not pass the module overall may repeat the in-class exam. Details of the repeat in-class exam for affected students will be provided over the summer months.

Guidance on marking schemes and approaches to exam questions will be discussed in class later in the Semester.

6. General Information

Class Meetings and Tutorials

It is a requirement of the University that you attend lectures. It is intended that lectures will be recorded and accessible subsequently on Canvas. This however should not be relied upon, as technical issues may arise from time to time which may prevent recording or sharing.

Recorded lectures will remain available on Canvas until after the supplemental exam in the Autumn.

The class will meet each Wednesday at 2pm in the Geography Lecture Theatre and each Friday at 11am in FSB_A1. You are expected to keep up to date with readings and lecture notes for each lecture.

I hope that classes will be interactive and that you will question and share your knowledge in class. I appreciate this can be off-putting in a large class setting, but I hope we can

overcome this. It is expected that all contributions in class will be welcome and treated with respect. Please refer to the e3xtract from Emilie Pine's book posted on Canvas.

In this class there are students with different identities, cultures, and perspectives. I value different world views and these differences are welcome. It is expected that class interaction will be respectful, inclusive, and open.

Your role in the module

It is my view that you are responsible for your own learning and development. My role is to help you in this and provide relevant material, guidance, and space to facilitate you achieve your goals. The teaching, and other, supports provided by the Department of Economics and the University are designed to help you in your learning journey.

Attendance at and participation in lectures and tutorials is expected. This class meets twice weekly for 50-minute lectures beginning at five minutes past the hour and finishing at five minutes to the hour.

The module textbook is recommended. It is available free at <http://www.core-econ.org>. Online learning materials, including tests and revision questions, support the textbook though use of these resources is at students' discretion.

From time to time relevant links or news may be posted on Twitter. The lecturer's twitter handle is @decjordan and all posts relevant to the course will use #EC2110. Please note however that you are not required to have a Twitter account or follow @decjordan – a widget displaying all tweets with #EC2110 is available on Canvas or you can simply search for the hashtag on twitter.com. Please remember that Twitter is a public platform and tweets you post are visible to everyone.

For each topic required and recommended reading material may be provided for you to read, download and/or print. The lecturer will distribute course handouts on Canvas only, there will be no handouts in lectures. If a student does not have a full set of handouts they can download them from Canvas at any time.

You are expected to stay up to date with key economic developments internationally through reading newspapers (such as the Irish Times and the Financial Times), magazines (such as The Economist) and web sites (such as www.project-syndicate.org, www.irisheconomy.ie, www.marginalrevolution.com, www.intelligenteconomist.com).

The Department of Economics aims to provide the highest quality student support and welcomes any suggestions that will help us improve the service we provide. If a student believes that the support offered by the Department or the University could be improved there are a number of ways in which the matter can be communicated to the relevant authorities. There are the course lecturers, class representatives, class advisors, the Department's Student Services Office, Department and faculty staff-student committees and the Students' Union.

Economics Society

This very active society caters for students of the Department of Economics. Throughout the year the society will be organising events of various natures - academic, sporting and,

of course, social. There is a member of the society's committee in most Economics classes. Each class will be kept informed of the society's activities by the Class Representatives. This is a student society and it is up to students to make it successful. So get involved and keep informed of upcoming events.

Important Information Relating to Examinations and Assessment

This module is assessed with an end-of-semester examination worth 80% of your module mark and an in-class exam worth 20%. If you are unable to attend for the in-class exam you must provide as soon as possible a written reason to the Student Services Office in the Department of Economics. You may collect a Permission for Absence Form from that office in Aras na Laoi Room 1.13. Your request for Permission for Absence is considered by the Examinations Committee of the Department of Economics (not by the lecturer) and if that committee is convinced that your failure to comply with assessment is due to circumstances beyond your control, then arrangements will be made to enable you to make up the work or to progress without the in-class exam being considered as part of your final grade. Forms are also available online here: <https://www.cubsucc.com/economic-document-downloads/>.

A repeat examination is offered for this module. Marks in the in-class exam are carried forward if students successfully pass this exam (achieve at least 40%). A failed in-class exam must be repeated only where a student also fails the module overall.

Freedom of Information

The University is subject to the Freedom of Information Act.

What is Freedom of Information?

The Freedom of Information Act gives you the right to access records held by Government Departments and certain public bodies. You do not have to give a reason as to why you want to see any records. The Government Department or body must give you an explanation if you are not given what you ask for. A decision on your application must normally be made within 4 weeks.

What can I ask for?

You can ask for the following records held by Government Departments or certain public bodies:

- any records relating to you personally, whenever created;
- all other records created after 21 April, 1998;
- a "record" can be a paper document, information held on computer (such as emails), printouts, maps, plans, microfilm, microfiche, audio-visual material, etc.

It is Department policy to make all information accessible under FOI available to students without requiring recourse to FOI procedures. Contact the lecturer, Declan Jordan, in the first instance and any information relevant to you will be provided, or alternatively contact the Student Services Office or the Department Manager at the Department of Economics, Aras na Laoi, if you need assistance in accessing relevant information. The University also

has an FOI Unit at 5 Elderwood on College Road, contacts for which are available on the UCC website.

Additional readings and resources

Topic 1 Ethics and Economics

[Universal Declaration of Human Rights](#)

[Reading - BBC Introduction to Ethics](#)

[Reading - Restoring ethics to economics](#)

[Reading - Prospect Magazine - Can economics be ethical?](#)

[Michael Sandel video - A market society](#)

[Video Katrine Marcal on Women in Economics](#)

Topic 2

[The Surprising Role of Fairness in Economic Decision-Making - Scientific American Blog Network](#)

[4 reasons we should fix economic inequality](#)

[Video and discussion - What money can't buy - Fairness and self-interest](#)

Topic 3 Climate and Economics

[Our World in Data - Northern Hemisphere Temperature Trend](#)

[Our World in Data - Greenhouse Gases](#)

[Getting Carbon Border Taxes Right by Kemal Dervis](#)

[Is Global Climate Solidarity Impossible by Willem H. Buiter](#)

[The Challenging Arithmetic of Climate Action by Michael Spence](#)

[Video - Nicholas Stern on Climate Change and what can be done Links to an external site.](#)

[Video - Can economics help us save the planet Part 1 - Ha Joon Chang INET Links to an external site.](#)

[Video - Can economics help us save the planet Part 2 - Ha Joon Chang INET Links to an external site.](#)

[The True Price of Carbon - Gernot Wagner & Gernot Wagner](#)

Topic 4 Economic Inequality

[Why US inequality is higher than Europe's - Project Syndicate](#)

[Guardian - How children's books reveal inequality.](#)

[Guardian - Books to open your eyes to inequality](#)

[Review of Piketty - Capital and Ideology by Willem H. Buiter - Project Syndicate](#)

[TASC Ireland report on Inequality 2019](#)

[Video: John Rawls and the Veil of Ignorance](#)

[Thomas Picketty and Inequality](#)

[Video: Nobel prize winner Paul Krugman discussing Picketty's first book \(Links to an external site.\)](#)(24:30)

[Video: Summary of Picketty's first book \(3:27\) \(Links to an external site.\)](#)

[Video: Thomas Picketty's Ted talk \(21:04\) \(Links to an external site.\)](#)

[Video: Thomas Picketty's recent interview with the Financial Times on his second book \(Links to an external site.\)](#)(20:49)

[Article: New Yorker review of Capital and Ideology \(Links to an external site.\)](#)

[Article: Paul Krugman's New York Times Review of Capital and Ideology](#)

Wilkinson and Pickett and Inequality

Important work on economic inequality has been done by Richard Wilkinson and Kate Pickett. They wrote a book in 2009 called the [Spirit Level \(Links to an external site.\)](#) and a book in 2018 called the [Inner Level \(Links to an external site.\)](#).

Their work deals with the effect of economic inequality on a range of socio-economic and personal factors. They show that economic inequality is a significant problem for society, and those whose relative incomes are low.

Richard Wilkinson has a Ted talk which is available [here \(Links to an external site.\)](#).

Kate Pickett has a podcast [here \(Links to an external site.\)](#). Richard Wilkinson has a more recent one [here \(Links to an external site.\)](#).

Together they established the Equality Trust which has a range of resources. This is here: [https://www.equalitytrust.org.uk \(Links to an external site.\)](https://www.equalitytrust.org.uk)

Angus Deaton and Inequality

Angus Deaton won the Nobel Prize for Economics in 2015. He and Anne Case have written extensively about economic inequality and have a recent book called Deaths of Despair and the Future of Capitalism. There is a review here: [Why Americans Are Dying from Despair | The New Yorker.pdf](#)

In 2014 he wrote the [Great Escape: Health, Wealth, and the Origins of Inequality \(Links to an external site.\)](#).

[Here \(Links to an external site.\)](#) he argues that inequality does not cause certain processes but is a symptom of economic processes.

He led the Institute for Fiscal Studies (IFS) Deaton Review of Inequality. This is a useful resource. In the short video at top of [this page \(Links to an external site.\)](#) he explains that economic inequality is just one type of inequality among many. Perhaps similar processes lead to inequalities across all of the areas mentioned.

Ireland's Progressive Tax System

Ireland is reported to have one of the most progressive income tax systems in the OECD and the EU.

There is a short description from publicpolicy.ie [here. \(Links to an external site.\)](#)

This [recent presentation \(Links to an external site.\)](#) by Barra Roantree of the ESRI shows that the Irish taxation system does a lot to offset market income inequality.

However, things are never as straightforward as they seem. Even just looking at income tax progressively TASC questions the extent of our income tax progressively [here \(Links to an external site.\)](#). Fintan O'Toole in the Irish Times raises the impact of consumption taxes (VAT etc) on the progressivity of the overall tax burden - since those on lower incomes tend to pay a higher proportion of their income on indirect taxes such as VAT and excise: [Fintan O'Toole: The myth of Ireland's progressive tax system.pdf](#)