

Economics at Warwick

www.warwick.ac.uk/economics

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Slides available at
go.warwick.ac.uk/slovelady

What is Economics?

- A way of thinking
 - Not just a set of rules or graphs
 - The process can be more important than the outcome!
- You will learn technical skills
 - Maths, Econometrics, Game Theory
- You will learn to apply Economics as a type of “science” anywhere in “society”

Courses

- The Department of Economics offers 3 undergraduate courses
 - **L100** Economics
 - **L112** BSc Economics and Industrial Organization (EIO)
 - **LLD2** BSc/BA Economics, Politics and International Studies (EPAIS)
- We also administer PPE, but admissions are handled separately

Standard Offers

- A Level
 - A*AAB / A*AAa
 - For L100 and L112, we require a minimum of Grade A in Maths
- IB
 - 38 points
 - For L100 and L112 we require a grade 6 in Higher Level Maths
- Economics is not a required subject!

What will you study?

- You will study a very broad range of concepts
 - Topics
 - Microeconomics
 - Macroeconomics
 - Economic History and Development
 - Tools
 - Maths
 - Econometrics
 - Game Theory....

What is Game Theory?

- Game Theory is a tool used in economics to study **strategic interaction**
 - Contrasts with **decision theory**
- Modern game theory was founded by John von Neumann
 - A mathematician
 - Game theory is rooted in mathematics

What's strategic interaction?

- Imagine walking into a supermarket
 - There are 10 apples on the shelf
 - How many do I want to buy?
 - Given the price?
 - This is decision theory
- Imagine a new type of supermarket
 - I write down a “bid” for an apple
 - As does everyone else in the supermarket
 - The bids are collected together

Strategic Interaction

- The 10 apples are given to the people who bid the 10 largest amounts
 - The price they pay is what they bid
- The question is not how many apples do I want, but how much am I willing to bid?
 - One is independent of other people
 - One crucially depends on other people

What's my strategy?

- I could just write down how much I value the apple
 - I'm not willing to pay more than it's worth
- But it might be the case that I value apples the most
 - In which case I would be paying the most
 - When someone else is getting apples for a lower price!

What's my strategy?

- Ideally, I want to bid just more than the 10th highest bid
 - I become the new 10th highest
 - I get the apple for the lowest possible price
- But everyone else is playing the same game!
 - What happens when everyone wants to bid the 10th highest amount?!?

What about the supermarket?

- This isn't just a game for the customer
 - It's also a game for the supermarket!
- Should they sell apples via this system?
 - What about a “second price” mechanism?
 - What about a “descending price” mechanism?
 - What would give them the highest profits?

Best response function

- Game Theory uses the idea of **best responses** to analyse these problems
 - What is the best thing I can do, given what you will do?
 - What is the best thing you can do, given what I can do?
- In lots of situations we will see convergence towards **mutual best responses**

Nash Equilibria

- If we are in a situation of mutual best response, we have a Nash Equilibria
 - Nobody wants to move from here!
- These outcomes are famous not just in economics
 - In politics
 - In biology
 - In computer science

Politics example

- Consider two political parties
 - One is considered “left wing”
 - One is considered “right wing”
- They have ideology, but really care about winning elections!
 - People will vote for the party with an agenda closest to their own viewpoint
 - What campaign should each party run?

Politics example

- Suppose the population are evenly distributed across the “left right” line

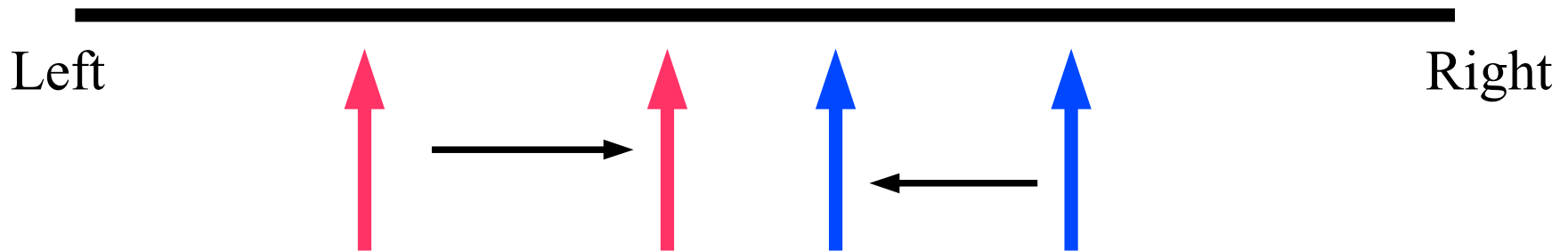


Politics Example

- The election will be decided by people *between* the two parties
 - The people on the extremes will always vote for their party
- What can each party do to make themselves more attractive to the middle voters?

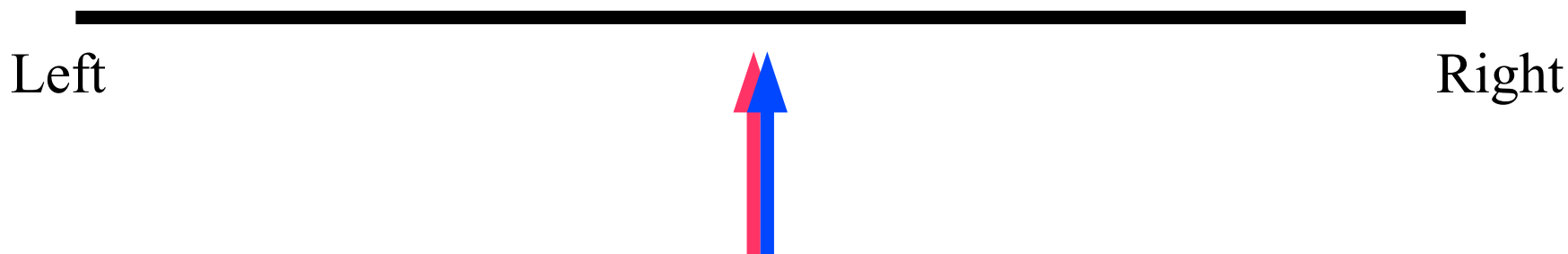
Politics Example

- Both parties can make policies which appeal more to the middle



Politics Example

- At what point do we have **mutual best responses**?
 - When both are in the middle!
 - And have 50% of the vote each



Politics Example

- In order to appeal to the middle voters
 - Both parties moved towards the middle
 - Compromising their principles
 - And moved away from their core support
- The result of a desire to win the election
 - Was a move away from politics driven by ideology
 - And one that only represented a very small proportion of the electorate

Other examples

- At university you will apply game theory to a wide range of situations
 - Politics
 - Public Goods
 - Duopoly and Oligopoly
 - Advertising
- In order to gain an understanding of the driving forces in certain markets

What we look for in an application

- As well as a researcher in behavioural and experimental economics..
- Also an admissions tutor for overseas students!
 - Part of a team who read over your UCAS applications
- What can set you apart?

Academic Record

- We are primarily interested in your academic ability
 - GCSE / IGCSE performance
 - AS Level
 - Predicted A2 Level
- We admit the very best students from across the world
 - A large amount are from Malaysia!

Academic Record

- Highlight your strengths
 - Tell me what you enjoy studying
- Also take some time to explain noticeable weaknesses
 - Are you improving in a certain area?
 - Did you have an illness for a particular exam?
 - Or other specific circumstances
- Maybe apply using Warwick AWARDS

Preferred Subjects

- We require Maths at Grade A, or a 6 at Higher Level Maths, for Economics and Economics and Industrial Organisation
 - We don't require Further Maths
 - We don't “prefer” Further Maths!
- You don't need to have studied Economics
 - We treat it similar to Further Maths, Physics, History, Languages etc.

Personal Statement

- What makes a good personal statement?
 - Honesty!
- An ability to discuss economics
 - Why the subject appeals to you
 - Why it matches your strengths
 - Why you would be a good student

Personal Statement

- Books you might have read
 - Avoid just “naming names”
- Maybe link to a topic of economics you are interested in
 - Why you enjoyed the book
 - What you learnt
 - What you would like to learn more about

Personal Statement

- Relevant work experience
 - Not essential
- Again linked to why you took on a particular role
 - What you learnt
 - How this informs your interest in economics
 - Maybe a career you are interested in?
 - Further study also

School Report

- We need to see information on all your subjects
- Honest appraisal of your strengths and weaknesses
- Sometimes we will rely more on a school report and sometimes on a personal statement

What we don't like!

- We don't like bad writing!
 - Make your statement easy to read
 - Good spelling
 - Laid out in sensible sections
- We don't like missing information
 - Make sure all academic info is included
 - All your modules and marks (where possible)
 - Explain things which aren't obvious

What we don't like!

- We don't like people “trying too hard”
 - Be engaging and interesting
 - Don't try to be overly impressive or ambitious
 - Don't make me wonder if you are being honest or not!
- We don't like unnecessary information
 - I don't need your life story!
 - Keep it simple and concise

If you are interested....

- Warwick offers lots of courses which involve economics
 - Economics, Economics and Industrial Organisation, Economics Politics and International Studies
 - Visit go.warwick.ac.uk/study or go.warwick.ac.uk/economics for more info
 - Warwick Economics is Top 5 in the UK
 - 3rd in The Times for 2013
 - 4th in The Complete University Guide for 2013

Q&A

- If you have any further questions, you can post them on the **Official Warwick Economics Q&A Thread** on
 - **The Student Room** forum
 - www.thestudentroom.co.uk
 - Forums
 - Economics / University of Warwick
 - You can read our FAQ's and questions by other applicants and students