



## COURSE DATA

### Data Subject

<b>Code</b>	35808
<b>Name</b>	Microeconomics
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2022 - 2023

### Study (s)

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1313 - Degree in Business Management and Administration	Faculty of Economics	1	Second term
1330 - Degree in Business Management and Administration (Ontinyent)	Faculty of Economics	1	Second term
1921 - D.D. BMA & Law	Doubles Studies Faculty of Law - Faculty of Economics	1	Second term
1926 - D.D. Tourism & BMA	Faculty of Economics	1	Second term

### Subject-matter

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1313 - Degree in Business Management and Administration	9 - Economics	Basic Training
1330 - Degree in Business Management and Administration (Ontinyent)		Basic Training
1921 - D.D. BMA & Law	1 - Year 1 compulsory subjects	Basic Training
1926 - D.D. Tourism & BMA		Basic Training

### Coordination

<b>Name</b>	<b>Department</b>
	10 - Economic Analysis
	10 - Economic Analysis
	10 - Economic Analysis



## SUMMARY

Microeconomics falls into the subject of economics which, as a foundation subject type, is lectured in the second term of the first year in the degree of ADE. Economics subject includes Microeconomics and also the course Introductory Economics (6 ECTS, which is lectured in the first year, first term).

Decision-making by individual agents and their interaction in markets are the focus of study of microeconomics and are fundamental to any professional in the world of business management. The course of Microeconomics aims to study the determination of prices in markets where individual agents interact. The functioning of competitive and non competitive markets, the strategic interdependence of firms, and the effects that the lack of information or uncertainty have on decision-making or functioning of markets are the subjects of study of this subject .

The contents of the course of Microeconomics are a continuation of the first contact with the basic functioning of markets made on the course of Introduction to Economics (1st year, 1st term) and is the microeconomic foundations of the course Macroeconomics (Compulsory, 6 ECTS, 2nd year, 1st term). The economic analysis is the basis also for the estimation of models in Econometrics (Compulsory, 6 ECTS, 3rd year, 1<sup>st</sup> term).

The course of Microeconomics is divided into six topics. The first topic discusses and describes the production and costs faced by firms. The second topic examines firm and industry supply and the determination of equilibrium in perfectly competitive markets. The non-competitive market structures are in the next topics. The monopoly, discriminatory pricing practices, monopolistic competition and oligopoly are the object of topics 3, 4 and 5. Lastly, topic 6 analyzes the decisions of economic agents under asymmetric information.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

The prerequisites that the student needs to successfully address this subject are minimal: a level of basic math (solving equations with one / two unknowns and basic partial derivatives) and a minimal familiarity with the graphical analysis and web consultation information. Likewise, to successfully address this subject it is required a previous knowledge of the concepts introduced in the course Introductory Economics in the first term of the first year.



## OUTCOMES

### 1313 - Degree in Business Management and Administration

- 
- 
- Demonstrate oral and written communication skills in the native language.
- 
- 
- 
- 
- 
- 
- Be able to apply economic principles for the diagnosis and resolution of social problems such as immigration, discrimination and others that affect society and the market.
- 
- 
- Show motivation for quality.
- 
- Be able to identify the sources of relevant economic information and their contents, and to understand economic institutions as the result and implementation of theoretical or formal approaches to how the economy works.
- Know the principles of economic analysis and its application to the diagnosis and resolution of problems.
- Understand the keys to the functioning of the market and the effects of its different structures.
- Be able to carry out strategic diagnoses in complex and uncertain environments using the appropriate methodologies to resolve them.
- Be able to make decisions under certainty and uncertainty environments.
- Be able to apply analytical and mathematical methods for the analysis of economic and business problems.
- Be able to express oneself in formal, graphic and symbolic languages.



**1330 - Degree in Business Management and Administration (Ontinyent)**

- 
- 
- Demonstrate oral and written communication skills in the native language.
- 
- 
- 
- 
- 
- Be able to apply economic principles for the diagnosis and resolution of social problems such as immigration, discrimination and others that affect society and the market.
- 
- 
- Show motivation for quality.
- 
- Be able to identify the sources of relevant economic information and their contents, and to understand economic institutions as the result and implementation of theoretical or formal approaches to how the economy works.
- Know the principles of economic analysis and its application to the diagnosis and resolution of problems.
- Understand the keys to the functioning of the market and the effects of its different structures.
- Be able to carry out strategic diagnoses in complex and uncertain environments using the appropriate methodologies to resolve them.
- Be able to make decisions under certainty and uncertainty environments.
- Be able to apply analytical and mathematical methods for the analysis of economic and business problems.
- Be able to express oneself in formal, graphic and symbolic languages.

**LEARNING OUTCOMES**

The learning outcomes of the subject Microeconomics are the following:



- Understanding and managing the concepts of demand and supply either at the individual (microeconomics) and aggregate (macroeconomics) level.
- Understanding of market mechanisms, the fundamental role of prices and the determination of these through the interaction between supply and demand.
- Obtaining analytical skills and reasoning to understand and interpret national and international economic reality.
- Use analytical reasoning to understand and solve economic problems.
- Ability to establish the foundations of economic imbalances (financial and real) of an economy.

## DESCRIPTION OF CONTENTS

### 1. Production and cost.

- 1.1 Production function.
- 1.2 Measuring costs.
- 1.3 Cost in the short run.
- 1.4 Economies and diseconomies of scale.

Basic bibliography: Mankiw & Taylor, 4th edition, Cap 5

Additional bibliography: Pindyck & Rubinfeld, 9th edition Chap. 6 (195-220) and Chap 7 (221-247).

### 2. Competitive Markets.

- 2.1 What is a competitive market?.
- 2.2 Profit maximization and the competitive firm's supply curve.
- 2.3 The supply curve in a competitive market: short and long term.

Basic bibliography: Mankiw and Taylor, 4th edition, Ch. 5

Additional bibliography: Pindyck and Rubinfeld, 9th edition, Ch. 8





### **3. Monopoly.**

- 3.1 Why do monopolies arise? Entry barriers.
- 3.2 The production and price decisions of monopolies. The monopoly power.
- 3.3 Social cost of monopoly power.
- 3.4 Price regulation.

Basic bibliography: Mankiw and Taylor, 4th edition, Ch. 11.

Additional bibliography: Pindyck and Rubinfeld, 9th edition, Ch. 10 (pp. 347-372 and 379-386)

### **4. Pricing with market power.**

- 4.1 Capturing consumer surplus.
- 4.2 Price discrimination.
- 4.3 Intertemporal price discrimination and Peak-Load pricing.
- 4.4 The two-part tariff.

Basic bibliography: Mankiw and Taylor, 4th edition, Ch. 11.

Additional bibliography: Pindyck and Rubinfeld, 9th edition, Chap. 11 (391-412).

### **5. Monopolistic competition**

- 5.1 Competition with differentiated products.
- 5.2 Equilibrium in the short and long term.
- 5.3 Comparison with perfect competition.
- 5.4 Advertising and brands.

Basic bibliography: Mankiw and Taylor, 4th edition, Ch. 12.

Additional bibliography: Pindyck and Rubinfeld, 9th edition, Chap. 12

### **6. Oligopoly.**

- 6.1 Characteristics of the oligopoly.
- 6.2 The equilibrium in the case of an oligopoly.
- 6.3 Game theory and economic analysis of cooperation.
- 6.4 Oligopoly models. Cournot, Bertrand and Stackelberg

Basic bibliography: Mankiw and Taylor, 4th edition, Ch. 13.

Additional bibliography: Pindyck and Rubinfeld, 9th edition, Chap. 12 (443-478) and chapter 13 (479-488).



**7. Markets with asymmetric information.**

- 7.1. Adverse selection and market signalling.
- 7.2. Moral hazard.
- 7.3. The principal-agent model.

Basic bibliography: Mankiw and Taylor, 4th edition, Ch. 18.

Additional bibliography: Pindyck and Rubinfeld, 9th edition, Chapter 5 (159-175) and chapter 17 (617-644).

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Attendance at events and external activities	0,00	0
Development of individual work	10,00	0
Study and independent work	40,00	0
Readings supplementary material	0,00	0
Preparation of evaluation activities	10,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	15,00	0
Resolution of online questionnaires	0,00	0
<b>TOTAL</b>	<b>150,00</b>	

**TEACHING METHODOLOGY**

The methodology to teach the subject of Microeconomics, both in the lectures and practical classes, is pointing to combine the capacity of individual work to teamwork. More precisely, the methodology used can be described as follows:

- For lectures, the students will prepare in advance the basic readings and the main questions that arise in these readings. The lecturer will combine his explanations with the active participation of students (questions that the teacher and / or its partners can answer, resolution of brief questions raised by the lecturer, group discussion of the issues that have attracted the most interest.) It is intended that students develop both their capacity to autonomous work (work prior to class), and their ability to work together, argue and defend ideas (group discussions) and their ability to communicate orally and in writing (considering their doubts on the subject in public and / or solving the issues the lecturer may have presented to them).



- For practical classes, students will prepare in advance a set of exercises and case studies to work in the classroom. On the one hand, each student must individually prepare these tasks and, on the other hand, each week a group of students will prepare a set of exercises, readings and cases solved and discussed in the classroom for the rest of his class students . Some of the tasks to be performed will be based on the search for information on the websites of recognized institutions and press. It is intended that students develop their ability to organize forms of group work, problem solving, oral and written communication, coordination of activities and find information on reliable sources.

## EVALUATION

The course Microeconomics will be assessed by considering, in that order of importance, the following aspects:

- 1 .- A written exam consisting of theoretical questions and problems.
- 2 .- The evaluation of the practical activities developed by the student during the course, from questionnaires , work / reports and / or oral presentations.
- 3 .- Continuous assessment of students, based on participation and involvement of the student in the teaching / learning process.

In the course of Microeconomics total assessment is broken down as follows: 30% of the overall mark is the evaluation of the various activities carried out throughout the course and active student participation, and 70% of overall mark is for the final synthesis test.

The final synthesis test is mandatory and is a prerequisite for overcoming pass the subject. It will be considered passed if the student gets 5 out of 10, for what he may combine continuous assessment and final synthesis test. If he chooses not to carry out the continuous assessment tasks, the student can only get the points in the final test (7 maximum), and he needs to get a 5 out of 7 in this test to pass the course.

Failure to pass the final synthesis test, the mark to be included in the official marks transcript shall be determined from the weighted sum of the scores on continuous assessment and final synthesis test, without exceeding, in any case, 4.5 (fail). In the first call continuous assessment will be non-recoverable.





However, in the second call, students may keep the evaluation system of the first call or recover, together with the final exam, up to 2/3 of the continuous evaluation, that is, up to 2 points of the 3 points out of 10. Therefore the student could maintain a third of the continuous assessment and the exam will be scored on 9 points.

## REFERENCES

### Basic

- 
- 

### Additional

- 
- 
- 
- 
- 
- 
- 
- 
- 
-