COURSE DATA

Data Subject

Code	35808
Name	Microeconomics
Cycle	Grade
ECTS Credits	6.0
Academic year	2024 - 2025

Study (s)

Degree	Center	Acad. year	Period
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 - Double Degree Program BMA and Law	Faculty of Law	1	Second term
1926 - Double Degree Program Tourism and BMA	Faculty of Economics	1	Second term

Subject-matter

Degree	Subject-matter	Character
1313 - Degree in Business Management and Administration	9 - Economics	Basic Training
1330 - Degree in Business Management and Administration (Ontinyent)	9 - Economía	Basic Training
1921 - Double Degree Program BMA and Law	1 - Year 1 compulsory subjects	Basic Training
1926 - Double Degree Program Tourism and BMA	1 - Asignaturas de formación básica de primer curso	Basic Training

Coordination

Name	Department
CASINO MARTINEZ, BEGOÑA	10 - Economic Analysis
COSCOLLA GIRONA, MARIA PAZ	10 - Economic Analysis
LAZARO PARDO, NIEVES	10 - Economic Analysis

SUMMARY

This course is part of the basic training in Economics for students of the degree in business administration and management (GADE). It spans the 2nd semester of the 1st year of GADE as a follow up to the *Introductory Economics* course (6 ECTS) programmed for the 1st semester of the 1st year of the degree.

Decision-making by individual agents and their interactions in markets are at the core of *Microeconomics*. A good understanding of these matters is essential for any professional in the fields of business administration and management. Among other things, *Microeconomics* studies the process of pricing in markets where individual agents interact. The functioning of competitive and non-competitive markets, the strategic interdependence of firms and the impact of the insufficient information and uncertainty on decision-making and market performance are key topics in *Microeconomics* covered in this course.

This *Microeconomics* course builds on the overview of markets and their operation acquired by students in the *Introductory Economics* course (1st year, 1st term) and provides the microeconomic foundations for the *Macroeconomics* course (compulsory subject, 6 ECTS), taught in the 1st term of the 2nd year of the degree. Economic analysis is also at the basis of econometrics modelling covered in the in *Econometrics* course taught in the 1st term of the 3rd year (Compulsory, 6 ECTS, 3rd year, 1st term).

The course covers six main topics. The first one looks into the production and costs decisions confronted by firms. The second topic focuses on firm and industry supply and equilibrium in perfectly competitive markets. A number of non-competitive market structures are covered next. Monopoly, discriminatory pricing practices, monopolistic competition and oligopoly are subjects explored in units 3, 4, 5 and 6 of the programme. Finally, topic 7 delves on 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

There are no specified restrictions with respect to other subjects of the curriculum to enrol in this course. Students in this Microeconomics course are expected to have a basic training in Calculus (solving equations with one / two unknowns and partial differentiation). Some acquaintance with the graphic analysis of functions will also be useful. Finally, a good understanding and knowledge of the concepts introduced in the subject Introductory Economics is required to complete this course successfully.

COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

1313 - Degree in Business Management and Administration

- Demonstrate capacity for analysis and synthesis.
- Have organisation and planning skills.
- Demonstrate oral and written communication skills in the native language.
- Be able to use ICTs in the field of study.
- Be able to analyse and search for information from different sources.
- Be able to solve problems.
- Be able to make decisions.
- Be able to negotiate and reconcile interests effectively.
- Be able to transmit and communicate complex ideas and approaches to both specialised and lay audiences.
- 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.
- Be able to work in a team.
- Have critical and self-critical capacity.
- Be able to learn autonomously.
- Be able to adapt to new situations.
- Show motivation for quality.
- Be able to coordinate activities.
- 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 capacity for analysis and synthesis.

- Have organisation and planning skills.
- Demonstrate oral and written communication skills in the native language.
- Be able to use ICTs in the field of study.
- Be able to analyse and search for information from different sources.
- Be able to solve problems.
- Be able to make decisions.
- Be able to negotiate and reconcile interests effectively.
- Be able to transmit and communicate complex ideas and approaches to both specialised and lay audiences.
- 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.
- Be able to work in a team.
- Have critical and self-critical capacity.
- Be able to learn autonomously.
- Be able to adapt to new situations.
- Show motivation for quality.
- Be able to coordinate activities.
- 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 (RD 1393/2007) // NO CONTENT (RD 822/2021)

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 The production function.
1.2 The measurement of costs.
1.3 Costs in the short run.
1.4 Economies and diseconomies of scale.

Basic reference: Mankiw and Taylor, 5th edition, Part 1 Ch. 5 (pp. 105-140) and Part 2 Ch. 10 (pp. 231-240).
Complementary reference: Pindyck and Rubinfeld, 9th edition, Chap. 6 and 7 (pp. 209-236) and Chap. 7 (pp. 237-288).

2. Competitive Markets.

2.1 What is a competitive market?
2.2 The maximization of profits and the supply curve of the competitive firm.
2.3 The supply curve in a competitive market: short and long term.
Basic reference: Mankiw and Taylor, 5th edition, Part 1 Ch. 5 (pp. 105-140), Ch. 6(pp. 141-158) and Part 2 Ch. 10 (pp. 231-240).
Complementary reference: Pindyck and Rubinfeld, 9th edition, Ch.8 (pp. 241-288).

3. Monopoly.

Unit 3. The monopoly.
3.1 Why do monopolies arise? Entry barriers.
3.2 The production and pricing decisions of monopolies. Monopoly power.
3.3 Social cost of monopoly power.
3.4 Price regulation.
Basic reference: Mankiw and Taylor, 5th edition, Ch. 11 (pp. 242-266).
Complementary reference: Pindyck and Rubinfeld, 9th edition, Ch. 10 (pages 369-412)

4. Pricing with market power.

4.1 Capturing consumer surplus.
4.2 Price discrimination.
4.3 Publicity
Basic reference: Mankiw and Taylor, 5th edition, Ch. 11 (pp. 242-266).
Complementary reference: Pindyck and Rubinfeld, 9th edition

5. Monopolistic competition and oligopoly.

5.1 Monopolistic competition: equilibrium in the short and long term.
5.2 Characteristics of the oligopoly.
5.3 The equilibrium in the case of an oligopoly.
5.4 Game theory and economic analysis of cooperation.
5.5 Oligopoly models. Cournot, Bertrand and Stackelberg

Basic reference: Mankiw and Taylor, 4th edition, Ch. 12 i Ch. 13.
Complementary reference: Pindyck and Rubinfeld, 9th edition, Chap. 12 and chapter 13 (479-488).

6. Markets with asymmetric information.

6.1 Basic concepts of uncertainty.
6.2 Adverse selection and market signals.
6.3 Moral hazard.
6.4 Principal and agent issues.

Basic reference: Mankiw and Taylor, 5th edition, Ch. 18 (pp. 401-413).
Complementary reference: Pindyck and Rubinfeld, 9th edition, Ch. 5 (pages 157 - 174) and chap. 17 (p. 623-644).
Complementary reference: Daron Acemoglu, David Laibson, and John A. List, Ch. 15 and 16.

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
TOTAL	**150,00**	

TEACHING METHODOLOGY

The approach followed in this *Microeconomics course*, can be described as follows:

- In *theory lectures*, the instructor will present and explain the substance of the subject and will solve the doubts raised by the students about the current and previously discussed matters. The instructor's presentations will allow for questions and answers sessions with students. This will require preparation of the materials provided before the lecture. Students are encouraged to develop their capacity to carry out work autonomously as well as their oral and written communication skills by asking questions, discussing issues in class between themselves and with the instructor.

Students will prepare *practice classes* in advance by tackling and solving problem sets and case studies by themselves for further discission in common at the classroom. The submission of the proposed assignments could be required as part of the continuous assessment process.

EVALUATION

The overall assessment of the course will take into account:

- **Final written exam** at the end of the term. It will consist of theory and practice questions.

- **Appraisal of the student's activity** during the course **("continuous assessment")** including essays, solving problem sets and presentations in class.

- **Regular appraisal of students' participation in class.**

The final grade of the course will result from the addition of two elements: 30% of the overall mark will correspond to the sum of the scores obtained by the student in the different activities carried out throughout the course and active student participation, and 70% of final mark will correspond to the final test.

To pass the course, the final grade must be of at least 5 points out of 10 calculated as indicated in the paragraph above. In addition, students must obtain at least a passing mark in the final mandatory exam which is mandatory.

If the student chooses not to carry out the continuous assessment tasks, he/she can only get a maximum of 7 points in the final test and needs to get at least 5 out of the 7 points in this test to pass the course. Failure to pass the final 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.

REFERENCES

Basic

- Economía, N.G. Mankiw y M.P. Taylor (2017), 3ª Edición. Ed . Paraninfo.
- Economics, Gregory N. Mankiw and Mark P. Taylor, Fifth Edition, 2020, CENGAGE, ISBN: 978-1-47376854-3

Additional

- Microeconomía, Robert S. Pindyck y Daniel L. Rubinfeld, 2018, 9ª edición. Pearson Educación
- Microeconomía y conducta, Frank, R. H., 2009, 7ª edition. McGraw-Hill.
- Microeconomía, Katz, M. L. , Rosen, H. L. y Morgan, W. 2ªEdicion, 2007, Mc Graw Hill.
- Introducción a la Economía, Microeconomía, Krugman, P. and Wells, R., 2006. Editorial Reverté.
- Microeoconomía, Laidler, D. y Estrin, S., 1995. Prentice Hall (quarta edició).
- Microeconomía Intermedia y aplicaciones, Nicholson, W., 2006. Thomson Editores Spain (novena edició).
- Teoría de los precios y aplicaciones, Pashigian, B. P., 1996. McGraw-Hill.
- Microeconomía intermedia: Un enfoque actual. Varian, H., 2003. Antoni Bosch Ed. (cinquena edició).
- Microeconomía, Parquin, M. y Loria, E. 9ª Edició, 2010. Pearson

- Microeconomics, Robert S. Pindyck and Daniel L. Rubinfeld,
  2018, 9th Edition. Pearson Global Edition. ISBN: 978-1-29221331-6
- The economy. The CORE team. https://core-econ.org/the-economy/book/text/0-3-contents.html
- Microeconomía, Goolsbee, A., Levitt, S. y Syverson, Ch., 2015. Editorial Reverte