

**COURSE DATA****Data Subject**

Code	35878
Name	Microeconomics
Cycle	Grade
ECTS Credits	6.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. Period year
1314 - Degree in International Business	Faculty of Economics	1 Second term

Subject-matter

Degree	Subject-matter	Character
1314 - Degree in International Business	3 - Economics	Basic Training

Coordination

Name	Department
MONER COLONQUES, RAFAEL	10 - Economic Analysis
PERAITA DE GRADO, CARLOS	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 International Business. Economics subject includes Microeconomics and also the courses Introductory Economics (6 ECTS, which is lectured in the first year, first term) and International Economics (6 ECTS, which is lectured in the second year, second 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 Applied Quantitative Techniques for Business (Compulsory, 6 ECTS, 2nd year, 2nd term).

The course of Microeconomics is divided into seven topics. The first topic discusses and describes the production 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 uncertainty and 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.

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

1314 - Degree in International Business

- Develop the capacity to evaluate and critically analyse international economic phenomena and agents.
- Develop intercultural sensitivity and the ability to adapt to other geopolitical contexts.
- Be able to work in multidisciplinary and intercultural teams.
- Understand and reflect on socio-economic and political contexts that affect business and economic decision-making in an international environment.
- Understand the structure and functioning of companies and organisations operating in an international context.
- Develop an ethical attitude in business, respecting human rights and the environment both in the country of origin of the company and in the different markets in which it operates.



- Understand the basic concepts of economic analysis that are applicable to the operation of companies and institutions in the international context.
- Understand the behaviour of economic agents and their interaction in global markets.
- Know the basic competences and the functioning of the main international economic and cooperation institutions.
- Use the economic and financial information of the company to make decisions.
- Know how international financial markets work.
- Develop the capacity to prepare and defend reports that contribute to the decision-making of public and private agents.

LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)

The learning outcomes of the subject Microeconomics are the following:

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

DESCRIPTION OF CONTENTS

1. Production and cost

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

Basic Bibliography: Pindyck & Rubinfeld, 8th edition Chap. 6 (pages 201-215 and 223-2206) and Chap. 7 (pages 229-242 and 253-258)



2. Competitive markets

- 2.1 Assumptions of the competition model.
- 2.2 The competitive firms short-run supply curve.
- 2.3 The short-run market supply curve and the short-run market equilibrium.
- 2.4 Long-run competitive equilibrium and industrys long-run supply.
- 2.5 Applications of the competition model.

Basic Bibliography: Pindyck & Rubinfeld, 8th edition Chap. 8 (pages 279-314) Chap. 9 (pages 317-329 and 345-351).

3. Monopoly

- 3.1. The monopolists output decision. Monopoly power.
- 3.2. The social costs of monopoly power.
- 3.3. Price regulation.

Basic bibliography: Pindyck and Rubinfeld, 8th edition, Chap. 10 (pages 357-382).

4. Pricing with market power

- 4.1 Capturing consumer surplus.
- 4.2 Price discrimination.
- 4.3 The two-part tariff.

Basic bibliography: Pindyck and Rubinfeld, 8th edition, Chap. 11 (pages 399-410 and 414-419).

5. Monopolistic competition and oligopoly

- 5.1 Monopolistic competition.
- 5.2 Oligopoly.
- 5.3 The Cournot model.
- 5.4 The Stackelberg model.
- 5.5 The Bertrand model.
- 5.6 Collusion. The prisoners dilemma.

Basic bibliography: Pindyck and Rubinfeld, 8th edition, Chap. 12 (pages 451-472 and 477-480) and Chap. 13 (pages 487-493 and 498-502).



6. Markets with asymmetric information

- 6.1. Risk aversion and insurance to avoid risk.
- 6.2 Adverse selection and market signalling.
- 6.3. Moral hazard. The principal-agent model.

Basic bibliography: Pindyck and Rubinfeld, 8th edition, Chap. 17 (pages 631-651). Parkin, M. Microeconomics, Cap. 20

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of group work	8,00	0
Development of individual work	9,00	0
Study and independent work	47,00	0
Preparing lectures	16,00	0
Preparation of practical classes and problem	10,00	0
TOTAL	150,00	

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: 40% of the overall mark is the evaluation of the various activities carried out throughout the course and active student participation, and 60% of overall mark is for the final written exam. Course activities and tasks, as well as their evaluation, cannot be recovered.

The final written exam is compulsory and it must be passed in order to pass the course. The student will pass the subject as long as he/she gets a mark of 5 or more over 10; this mark can be attained by the combination of the course continuous assessment and the final written exam. In case the student chooses not to perform the course tasks, he/she can only get the mark in the final written exam (6 as a maximum), and must obtain a 5 out of 6 in the exam in order to pass the course.

Regulation of **evaluation and qualification** of the University of Valencia for bachelor's and master's degrees. [ACGUV 108/2017](#)

REFERENCES

Basic

- Microeconomía, Robert S. Pindyck y Daniel L. Rubinfeld, 2018, 9ª edición, Pearson Educación.
- Managerial Economics and Business Strategy, Baye, M. and J. Prince, 2013 eighth edition, McGraw-Hill.

Additional

- Microeconomía intermedia. Análisis y comportamiento económico, Frank, R. H., 7ª Edición, 2009. McGraw-Hill.



- Microeconomía, Katz, M. L., Rosen, H. L. y Morgan, W. 2ª Edición, 2007. Mc Graw Hill.
- Microeconomía, Krugman, P. and Wells, R., 2013, 2ª ·Ed. Editorial Reverté.
- Microeconomía, Laidler, D. y Estrin, S., 1995. Prentice Hall (cuarta edición).
- Microeconomía Intermedia y aplicaciones, Nicholson, W., 2006. Thomson Editores Spain (novena edición).
- Teoría de los precios y aplicaciones, Pashigian, B. P., 1996. McGraw-Hill.
- Microeconomía intermedia: Un enfoque actual. Varian, H., 2003. Antoni Bosch Ed. (quinta edición).
- Economía, Mankiw, N. G. y Taylor, M. P., 2017, 3ª Edición, Ed. Paraninfo.