

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

Code	36789
Name	Microeconomics I
Cycle	Grade
ECTS Credits	6.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. Period
1933 - D.D. in Law-Economics 2022	Doubles Studies Faculty of Law - Faculty of Economics	2 First term

Subject-matter

Degree	Subject-matter	Character
1933 - D.D. in Law-Economics 2022	2 - Asignaturas de segundo curso	Obligatory

Coordination

Name	Department
HERRANZ ZARZOSO, NOEMI	10 - Economic Analysis

SUMMARY

This course is part of Microeconomics and, as a basic branch in Economics, it is placed in the first semester of the second year in the Graduate in Economics. In addition to Microeconomics I, the course Microeconomics II is also part of Microeconomics and it takes place in the second semester of the second year as a continuation of the contents of Microeconomics I. The main aim of Microeconomics I is to study the functioning of economies, and particularly the functioning of markets. Understanding the contents of the course is key for aspects such as business decision making, design and understanding of economic policy and, more generally, understanding the functioning of modern economies.

The course Microeconomics I is structured in seven units. Units 1 and 2 introduce the principles that lead to consumers' demand. Those units include the study of how individuals decide on their consumption, how their demands for goods depend upon their preferences and budgets constraints, and why different demands arise for different goods. Units 3 and 4 are devoted to the analysis of firm theory. This theory explains how a firm decides on production levels that minimize costs and how the resulting costs change when production changes. Unit 5 examines how firms choose output so as to maximize profits, and how firms' output decisions determine the supply curve, and its characteristics, in a competitive market. Topic 6 deals with the functioning of factor markets and analyzes firms' decisions on factor utilization



depending on the competitive structure of factor markets. Finally, topic 7 introduces a brief general equilibrium analysis, where markets interactions and necessary conditions for economic efficiency are taken into account.

PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

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

Other requirements

In order to pass this course successfully, the student should have a reasonable basic background about consumer and firm behaviour, that is, about market demand and supply. That background follows from the course Introductory Economics, placed in the first semester of the first course. Additionally, the student is encouraged to reach mathematical background in order to be able to differentiate functions, solve basic maximization problems and, in particular, deal with graphical representations of functions. Like

OUTCOMES

LEARNING OUTCOMES

- To be able to analyze and interpret reality from an economic perspective.
- To be able to explain the role of prices in the economy and how they are determined in different types of markets.
- To be able to analyze the role of markets and the strategic interactions that occur in them as a conditioning factor in the design of economic policies and institutions.
- To be able to critically assess the importance of the various economic problems and the social impact that the policies designed to address them could cause.
- To be able to use analytical reasoning to pose and solve economic problems.
- To be able to explain the set of interactions that take place between the different markets of an economic system.
- To be able to argue rigorously economic measures and proposals for economic policies, both in writing and orally.
- To be able to analyze the real economic problems of markets and organizations in the conceptual and abstract field of microeconomic models.



- To be able to analyse, both individually and in groups, relevant current economic issues.
- To be able to collect, structure and interpret the literature on a topic based on the theoretical knowledge acquired.

DESCRIPTION OF CONTENTS

1. Consumer preferences

- 1.1 Axioms about consumer preferences
- 1.2 Representation of preferences
- 1.3 The utility function
- 1.4 Risk preferences

[PR] Ch. 3, sections 3.1 and 3.6; Ch. 5 section 5.2.

[CORE] Ch. 3, section 3.2; Ch. 4, sections 4.4, 4.9-4.12

2. Consumer behavior and demand

- 2.1 Budget constrain
- 2.2 Consumer choice
- 2.3 Individual demand
- 2.4 Market demand and consumer surplus

[PR] Ch. 3, sections 3.2, 3.3 and 3.5; Ch. 4, sections 4.1, 4.3-4.5 and appendix

[CORE] Ch. 3, sections 3.3-3.6

3. Income and substitution effects and price index

- 3.1 Income and Substitution Effects
- 3.2 The price elasticity of demand: normal and inferior goods
- 3.3 Price Index

[PR] Ch. 3, section 3.6 ; Ch. 4 , section 4.2

4. Production and Costs

- 4.1 The Technology of Production and Economic Cost. Production with One Variable Input and Costs in the Short Run
- 4.2 Production with Two Variable Inputs. Returns to Scale
- 4.3 Costs in the Long Run
- 4.4 Long Run versus Short Run Cost Curves

[PR] Ch. 6 and 7, sections 7.1-7.4 and pages 261-263

[CORE] Ch. 2, sections 2.4 - 2.7; Chapter 3 , section 3.1; Chapter 7, pages 295 - 297 and section 7.3

**5. Profit Maximization and Competitive Supply**

- 5.1 Perfectly competitive markets
- 5.2 Choosing output in the short run
- 5.3 The market supply curve
- 5.4 Choosing output in the long run
- 5.5 Long run supply curve

[PR] Ch. 8

[CORE] Ch 8

6. Competitive Factor Markets

- 6.1 The market demand curve
- 6.2 The supply of market factors
- 6.3 Market equilibrium: economic rent

[PR] Ch. 14, sections 14.1-14.2

[CORE] Ch. 3, sections 3.7 - 3.11

7. General equilibrium and economic efficiency

- 7.1 General equilibrium analysis
- 7.2 Efficiency in exchange
- 7.3 Equity and efficiency
- 7.4 Efficiency in production
- 7.5 An Overview: The Efficiency of Competitive Markets

[PR] Ch. 16, sections 16.1-16.4 and 16.6

[CORE] Ch. 5

WORKLOAD

ACTIVITY	Hours	% To be attended
Theoretical and practical classes	60,00	100
Development of group work	8,00	0
Study and independent work	50,00	0
Preparation of evaluation activities	12,00	0
Preparation of practical classes and problem	15,00	0
Resolution of online questionnaires	5,00	0
TOTAL	150,00	



TEACHING METHODOLOGY

Methodologically, teaching in theory and practice classes of Microeconomía I (Microeconomics I), will focus on the combination of the capacity of individual work with the capacity to work in teams. This methodology is as follows:

- Theory classes. Students must deal with basic readings to prepare each class in anticipation, which in turn leads to a ground for subsequent theory explanations in class. The teacher will explain main topics and answer questions raised by students either from their previous work or in class. Additionally, the teacher could combine own explanations with the students' active participation. In doing so, the goal is that students develop their capacity to work individually (by using their work prior to class sessions) and also their verbal and written skills (by raising questions in public and/or writing down solutions to questions). The student's work that is previous and/or posterior to the development of theoretical contents could be subject to a continuous evaluation by the teacher during the semester.
- Practice classes. It will be proposed a questionnaire for each topic. In each questionnaire, a proposal will be made for the exercises that will be developed in class and, in addition, there will be a list of additional exercises that the students, either individually or in groups, will be able to work outside the classroom hours in order to study and apply the theoretical contents by using the graphic and analytical instruments that have been explained in class. The continuous assessment tests that will be carried out throughout the course will include, in a percentage, the individual resolution of some of these additional exercises. The aim is for the student to develop his/her ability to organize forms of group work, to solve problems, to communicate orally and in writing, to coordinate different activities and, finally, to seek information from reliable sources.

EVALUATION

The course will be evaluated from:

- A written exam (70% of the mark)
- Activities developed by students along the term: classroom tests and homework (30% of the mark).

The written exam is mandatory and the student must overcome it in order to pass the course. To pass the exam the student must score at least 3.5 points out of 7. If the mark in the exam is smaller than 3.5, the final mark will be the sum of the scores obtained by the student in the exam and the activities developed along the term, respectively, but in that case the final mark will not exceed 4.5 out of 10 (fail). Classroom tests and homework are not mandatory. However, a student who does not overcome these activities can only get the exam points (7 maximum) and should obtain 5 points out of 7 to pass the course. The continuous assessment activities are not recoverable in the first assessment. However, in the second assessment students may maintain the evaluation system of the first assessment or base their qualification on a single final summary test carried out in the second assessment.



REFERENCES

Basic

- [PR] Pindyck, R.S. y D.L. Rubinfeld, Microeconomía, 9ª ed., 2018. Pearson Educación.
- [CORE] The CORE team. The Economy. <https://core-econ.org/the-economy/book/text/0-3-contents.html>

Additional

- Frank, R.H., Microeconomía intermedia. Análisis y comportamiento económico, 7ª ed., 2009. McGraw-Hill.
- Nicholson, W., Microeconomía intermedia y aplicaciones, 9ª ed., 2009. Thomson Editores Spain.
- Varian, H., Microeconomía intermedia: un enfoque actual, 8ª ed., 2011. Antoni Bosch editor.
- Goolsbee, A., S. Levitt y Ch. Syverson, Microeconomía, 2015. Reverté