

FOUNDATIONS OF MICROECONOMICS

IE University

Professor: **ANTONELLA FAZIO**

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Academic year: 23-24

Degree course: FIRST

Semester: 1^o

Category: BASIC

Number of credits: 6.0

Language: English

PREREQUISITES

None

SUBJECT DESCRIPTION

The course provides an introduction to microeconomic theory and its applications. We will start with an introduction to economics and how microeconomic perspectives can help explain the real world and help solve economic problems. Microeconomics is the branch of economics that studies the behaviour of individuals and firms in making decisions, how markets work and the conditions under which free markets lead to desirable allocations, and when there are market failures and a need for government intervention. After completing this course, by focusing on the individual decisions of consumers and firms, students obtain a proper understanding of the behaviour of economic agents and a powerful tool to analyse the outcomes that result from their interaction.

OBJECTIVES AND SKILLS

The goal is for students to start thinking as economists: first, they get to know verified basic concepts and theories; second, they familiarize themselves with the methodology that scholars and practitioners use in their research. The final aim is that this methodology becomes a valuable tool that students can apply in their future professional careers.

Given its introductory nature, the course's primary objective is to familiarize students with basic microeconomic concepts and the economic methodology. After completing this course, students should be capable of:

- communicate effectively about economic topics
- use economic thinking to inform decision making
- make sense of economic data

METHODOLOGY

To make the course accessible, engaging, and coherent, it is taught based on a new innovative open-access textbook (Core, 2017) which addresses the theory and relevant real-world topics in economics. However, some lectures will also be combined with Mankiw (2018) to deep into some critical concepts. Sessions will incorporate the explanation of theoretical concepts with practical activities such as exercises, discussions and class activities. They are intended to be highly dynamic. Students will prepare the readings before class. There will be assignments in which students will be tasked with finding sources of information, putting theory into practice, systematizing, reasoning, and solving problems. Some of these assignments may be presented in class.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	30.0 %	45 hours
Discussions	10.0 %	15 hours
Exercises	13.33 %	20 hours
Group work	23.33 %	35 hours
Other individual studying	23.33 %	35 hours
TOTAL	100.0 %	150 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

INTRODUCTION

Topic: Introduction to the Course: Learning Objectives and Course Evaluation

Mandatory Reading:

- Course Syllabus

SESSION 2 (LIVE IN-PERSON)

HOW ECONOMISTS THINK

Topic: How Economists think

Mandatory Reading:

- The Economy - Unit 2 - "Technology, population and growth"

Book Chapters: "Technology, population and growth" Unit 2 in The CORE team, The Economy. (Book)

SESSIONS 3 - 4 (LIVE IN-PERSON)

CONSUMER CHOICE

Topic: Consumers and Consumption Choice

Mandatory Reading:

- The Economy - Unit 3 - "Scarcity, work, and choice"

Book Chapters: "Scarcity, work and choice". Unit 3 in The CORE team, The Economy. (Book)

SESSIONS 5 - 6 (LIVE IN-PERSON)

CONSUMER CHOICE

Topic: Consumer strategy and collective choice

Mandatory Reading:

- The Economy - Unit 4 - "Social Interactions"

Book Chapters: "Social Interactions". Unit 4. The Economy

SESSIONS 7 - 8 (LIVE IN-PERSON)

THE FIRM ORGANIZATION

Topic: The Firm organization and Asymmetric information

Mandatory reading:

- The Economy - Unit 6 - "The Firm: Owners, Managers, And Employers": 6.1 to 6.3, 6.9-6.10

Book Chapters: "The Firm: Owners, Managers, And Employers". Unit 6. The Economy

SESSION 9 (LIVE IN-PERSON)

SESSION 9: HOW MARKETS WORK

Topic: The Market forces of Supply and Demand

Mandatory reading:

- Mankiw, G: Chapter 4: The Market Forces of Supply and Demand

Book Chapters: Chapter 4. The Market Forces of Supply and Demand. Principles of Microeconomics. (See Bibliography)

SESSION 10 (LIVE IN-PERSON)

HOW MARKETS WORK

Topic: Elasticity and its application

Mandatory reading:

- Mankiw, G: Chapter 5: Elasticity and its Application

Book Chapters: Chapter 5: Elasticity and its Application. Principles of Microeconomics. (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

HOW MARKETS WORK

Topic: Consumers, Producers, and the Efficiency of Markets

Mandatory reading:

- Mankiw, G: Chapter 7: Consumers, Producers, and the Efficiency of Markets

Book Chapters: Chapter 7: Consumers, Producers, and the Efficiency of Markets. Principles of Microeconomics (See Bibliography)

SESSION 12 (LIVE IN-PERSON)

Team Presentations:

Topic: How economists use data: Practice of concepts - Guidelines will be uploaded on blackboard.

Empirical Project: Supply and Demand

Other / Complementary Documentation: Empirical Project 7: Supply and Demand (Book)

SESSION 13 (LIVE IN-PERSON)

FIRM BEHAVIOUR AND ORGANIZATION OF INDUSTRY HOW MARKETS WORK

Topic: The Cost of Production

Mandatory readings:

- The Economy - Unit 7 - "The Firm and its Customers" Section 7.3
- Mankiw, G: Chapter 13: The Cost of Production

Book Chapters: Chapter 13: The Cost of Production. Principles of Microeconomics (See Bibliography)

Book Chapters: "The Firm and its Customers". Unit 7. The Economy p. 274-280 (Book)

SESSION 14 (LIVE IN-PERSON)

Mid-Term Exam

SESSIONS 15 - 16 (LIVE IN-PERSON)

FIRM BEHAVIOR AND ORGANIZATION OF INDUSTRY

Topic: Firms in Competitive Markets

Mandatory reading:

- The Economy - Unit 8 - "Supply and demand: Price-taking and competitive markets"

Book Chapters: "Supply and demand: Price-taking and competitive markets". Unit 8 in The CORE team, The Economy.

SESSIONS 17 - 18 (LIVE IN-PERSON)

FIRM BEHAVIOR AND ORGANIZATION OF INDUSTRY

Topic: Price-setting, competition and market power.

Mandatory reading:

- The Economy - Unit 7 - "The Firm and its Customers"

Book Chapters: "The Firm and its Customers". Unit 7 in The CORE team, The Economy. (Book)

SESSIONS 19 - 20 (LIVE IN-PERSON)

FIRM BEHAVIOR AND ORGANIZATION OF INDUSTRY

Topic: Monopolistic Competition

Mandatory Reading:

- Mankiw, G: Chapter 16: Monopolistic Competition

Book Chapters: Chapter 16: Monopolistic Competition. Principles of Microeconomics (See Bibliography)

SESSION 21 (LIVE IN-PERSON)

ECONOMICS OF THE PUBLIC SECTOR

Topic: Supply, Demand and Government Policies

Mandatory reading:

- Mankiw, G: Chapter 6: Supply, Demand and Government Policies

Book Chapters: Chapter 6: Supply, Demand and Government Policies. Principles of Microeconomics (See Bibliography)

SESSION 22 (LIVE IN-PERSON)

Topic: Market simulation. Game

· **Learn about firm behaviour and organization of industries by playing a game.**

PRACTICE OF CONCEPTS FROM SESSIONS 13-21: Learn about firm behaviour and organization of industries by playing a game:

Other / Complementary Documentation: Classroom Games for Teaching Economics

SESSION 23 (LIVE IN-PERSON)

ECONOMICS OF THE PUBLIC SECTOR

Topic: Application: The Cost of Taxation

Mandatory Reading:

- Mankiw, G: Chapter 8: Application: The Cost of Taxation

Book Chapters: Chapter 8: Application: The Cost of Taxation. Principles of Microeconomics (See Bibliography)

SESSION 24 (LIVE IN-PERSON)

DOCUMENTARY - The Future of Work: A vice news special report

Assignment in class: Guidelines will be uploaded in Blackboard

Video: The Future of Work. (Youtube)

SESSION 25 (LIVE IN-PERSON)

MARKET FAILURE

Topic: Externalities and Market Failure

Mandatory reading:

- The Economy - Unit 12 - "Markets, efficiency, and public policy"

Technical note: "Markets, efficiency, and public policy". Unit 12 in The Economy (Book)

SESSION 26 (LIVE IN-PERSON)

MARKET FAILURE

Topic: Public Goods and Common Resources

Mandatory reading:

- The Economy - Unit 12 - "Markets, efficiency, and public policy"

Book Chapters: "Markets, efficiency, and public policy". Unit 12 in The Economy

SESSION 27 (ASYNCHRONOUS)

Team Projects: Oral Presentations and writing submission: Guidelines will be uploaded to Blackboard

Empirical Project: "Measuring the Effect of a Sugar tax"

Other / Complementary Documentation: Empirical Project 3: Measuring the Effect of a Sugar ax (Book)

SESSION 28 (LIVE IN-PERSON)

Team Projects: Oral Presentations and writing submission: Guidelines will be uploaded to Blackboard

Empirical Project: "Measuring the Effect of a Sugar tax"

Other / Complementary Documentation: Empirical Project 3: Measuring the Effect of a Sugar ax (Book)

SESSION 29 (LIVE IN-PERSON)

Documentary: Inequality for all

Assignment in class: Guidelines will be uploaded in Blackboard

Video: Inequality for all (Youtube)

SESSION 30 (LIVE IN-PERSON)

Final Exam

BIBLIOGRAPHY

Compulsory

- The Core Team. (2017). *The Economy*. Oxford University Press. ISBN 9780198810247 (Printed)

Electronic: <https://www.core-econ.org/the-economy/book/text/0-3-contents.html>

- Mankiw, G.. (2020). *Principles of Microeconomics*. 9th Edition. Cengage Learning. ISBN 9780357133484 (Printed)

EVALUATION CRITERIA

Your final grade in the course will be based on the following criteria:

Criteria	Percentage	Comments
Final Exam	30 %	Includes all course material
Intermediate Tests	20 %	Material: Sessions 1-13
Group Presentation	15 %	Empirical Project: Supply and demand
Workgroups	10 %	Documentary: The future of work
Workgroups	5 %	Documentary: Inequality for all
Group Presentation	20 %	Empirical Project: Measuring the effect of a sugar tax

GENERAL OBSERVATIONS

Each student has four attempts over two consecutive academic years to pass this course.

For every BIE Program mandatory class, students are required to obtain the minimum grade of 5 required to pass the course. Students whose grade in the Final Exam (or the largest assignment) is below 5 will fail the course. The rule applies to whichever assignment carries the greatest weight to the final grade. Dates and location of the final exam will be posted in advance and will not be changed.

Students must attend at least 70% of the sessions. Students who do not comply with the 70% attendance rule will receive a 0.0 on their first and second attempts and go directly to the third one (they will need to enroll in this course again the following academic year).

Students who are in the third or fourth attempt must contact the professor during the first two weeks of the course.

ATTENDANCE

In-person attendance is mandatory at IE University, as it is an essential factor of IE's learning methodology. While we do closely monitor attendance in each course, we also consider our students responsible for their own agenda and commitments, as adult university students. With that in mind, each student may miss up to 30% of the sessions within a given course and still maintain the possibility of passing that given course. This 30% "buffer" is to be used for any absences, such as: illnesses, personal emergencies, commitments, official/governmental matters, business and/or medical appointments, family situations, etc. Students should manage their various needs, and situations that may arise, within that 30% buffer. If a student is absent to more than the allowed 30% of the sessions (regardless of the reason), s/he will obtain a 0.0 grade for that course in both the ordinary and extraordinary calls of the current academic year, and s/he will have to retake the course during the following academic year.

Please pay close attention to your attendance. The program strongly encourages attending 100% of the sessions as it will improve your learning outcomes, it will increase the class performance and it will benefit your participation grade. Noncompliance with deadlines for Non-Classroom Learning activities or assignments will result in an absence for the session.

Extreme cases involving emergencies such as: extended hospitalizations, accidents, serious illnesses and other cases of force majeure, are to be consulted with the Program Management (bir.biemadrid@ie.edu) for assessment of the situation and corresponding documentation, in order to support and guide each student optimally.

For more information about the university attendance policy, please check; <https://www.ie.edu/student-guide/bir/policies-and-guidelines/attendance/>

RETAKE POLICY

Any student whose weighted final grade is below 5 will be required to sit for the retake exam to pass the course (except those not complying with the attendance rules, whom are banned from this possibility).

Grading for retakes will be subject to the following rules:

- The retakes will consist of a comprehensive exam or equivalent assignment. The grade will depend only on the performance on this exam; continuous evaluation over the semester will not be taken into account.
- Dates and location of the retakes will be posted in advance and will not be changed.
- The exam/assignment will be designed bearing in mind that the passing grade is 5 and the maximum grade that can be attained is 8 out of 10.

PLAGIARISM / ACADEMIC HONESTY

Plagiarism is the dishonest act of presenting another person's ideas, texts or words as your own. This includes in order of seriousness of the offense:

- providing faulty sources;
- copy-pasting material from your own past assignments (self-plagiarism) without the instructor's permission;
- copy-pasting material from external sources even while citing them;
- using verbatim translations from sources in other languages without citing them;
- copy-pasting material from external sources without citing them;
- and buying or commissioning essays from other parties.

IEU students must contact the professor if they don't know whether the use of a document constitutes plagiarism. For help with your academic writing, contact the Writing Center (writingcenter@faculty.ie.edu). The professor will also advise the student on how to present said material. All written assignments must be submitted through Turn-it-in, which produces a similarity report and detects cases of plagiarism. Professors are required to check each student's academic work in order to guarantee its originality. If the originality of the academic work is not clear, the professor will contact the student in order to clarify any doubts. Students using external tutorial support should report it to the professor and the BIR Program from the moment they began receiving this support. In the event that the meeting with the student fails to clarify the originality of the academic work, the professor will inform the Director of the Bachelor Program about the case, who will then decide whether to bring the case forward to the BIR Academic Review Panel. Very high similarity scores will be automatically flagged and forwarded to the Academic Review Panel. Plagiarism constitutes a very serious offense and may carry penalties ranging from getting a zero for the assignment to expulsion from the university depending on the severity of the case and the number of times the student has committed plagiarism in the past.

PROFESSOR BIO

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ANTONELLA FAZIO

Antonella Fazio currently works at IE Business school in a research project on illegal pharma. She studied Economics (BA and MA). She completed her PhD in History at the European University Institute focusing on economic history. She has also been a postdoctoral researcher in the department of Economics of the Universidad de los Andes and at SMAG and CriDIS at Université Catholique de Louvain (UCL – Belgium) and has been an adjunct professor in economics. For several years she was a researcher at the Center of Economic development, Universidad de los Andes. Antonella has a special interest in empirical research and quantitative methods. Her research interest includes political and social economy, development and economic and business history. Before working at IE, she joined the European Parliament within the Robert Schuman traineeship program. Previously, she has worked as economic advisor at the City Council of Bogota as well as in an EU Legal Consultancy based in Brussels.

OTHER INFORMATION

Office hours:

-Presential / online: by appointment

-Contact details: afazio@faculty.ie.edu

CODE OF CONDUCT IN CLASS

1. Be on time. Students arriving more than 5 minutes late will be marked as “Absent”. Only students that notify in advance in writing that they will be late for a specific session may be granted an exception (at the discretion of the professor). Students attending online must always have their cameras on during the session or risk being marked absent.
2. If applicable, bring your name card and strictly follow the seating chart. It helps faculty members and fellow students learn your names.
3. Do not leave the room during the lecture: Students are not allowed to leave the room during lectures. If a student leaves the room during lectures, he/she will not be allowed to re-enter and, therefore, will be marked as “Absent”. Only students that notify that they have a special reason to leave the session early will be granted an exception (at the discretion of the professor).
4. Do not engage in side conversation. As a sign of respect toward the person presenting the lecture (the teacher as well as fellow students), side conversations are not allowed. If you have a question, raise your hand and ask it. If you do not want to ask it during the lecture, feel free to approach your teacher after class. If a student is disrupting the flow of the lecture, he/she will be asked to leave the classroom and, consequently, will be marked as “Absent”.
5. Use your laptop for course-related purposes only. The use of laptops during lectures must be authorized by the professor. The use of Social Media or accessing any type of content not related to the lecture is penalized. The student will be asked to leave the room and, consequently, will be marked as “Absent”.
6. No cellular phones: IE University implements a “Phone-free Classroom” policy and, therefore, the use of phones, tablets, etc. is forbidden inside the classroom. Failing to abide by this rule entails expulsion from the room and will be counted as one absence.
7. Escalation policy: 1/3/5. Items 4, 5, and 6 above entail expulsion from the classroom and the consequent marking of the student as “Absent.” IE University implements an “escalation policy”: The first time a student is asked to leave the room for disciplinary reasons (as per items 4, 5, and 6 above), the student will incur one absence, the second time it will count as three absences, and from the third time onward, any expulsion from the classroom due to disciplinary issues will entail 5 absences.