

MICROECONOMICS

**Bachelor in Philosophy, Politics, Law and Economics PPLE
SEP-2023 MI-PP.1.M.A**

Area Economics

Number of sessions: 30

Academic year: 23-24

Degree course: FIRST

Number of credits: 6.0

Semester: 2º

Category: BASIC

Language: English

Professor: **MARÍA ISABEL SÁNCHEZ GARCÍA**

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ISABEL SÁNCHEZ

Academic Background

- PhD in Economics, University of California, San Diego, USA.
- Bachelor in Economics and Business Administration, Universidad Autónoma de Madrid, Spain.

Academic Experience

- Teaching and Research Assistant, Economics Department, University of California, San Diego; Assistant Professor, Economics Department, University of Rochester, and Associate Professor, Economics Department, Universidad Carlos III de Madrid.
- Director of Undergraduate Studies in Business Administration IE University, 2009-2016.
- Vice-Rector and Associate Dean of Adjunct & Visiting Faculty and Director of IEU LABs & Entrepreneurship, IE University.

Professional Experience

In the regulation of energy sectors

- Deputy Director in Regulation, Comisión Nacional del Sistema Eléctrico and Comisión Nacional de Energía, Spain, and Board member, ENAGAS, S.A.

In science, technology and innovation

- Head of Staff, Secretaría de Estado de Política Científica y Tecnológica, Ministerio de Ciencia y Tecnología, Spain, and Board member, Centro para el Desarrollo Tecnológico Industrial (CDTI), Ministerio de Ciencia y Tecnología, Spain.

In private sector development

- Consultant, Private Sector Development and Energy Department, Latin America and Caribbean Region, The World Bank.

In antitrust policy

- Head of Staff and Competition Advocacy Director, Comisión Nacional de Competencia, Spain.

Office Hours

Office hours will be on request. Please contact at:

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SUBJECT DESCRIPTION

Microeconomics is the branch of economics that studies how individuals and firms make decisions; how markets work and the rationale and effects of government intervention in markets. By focusing on the individual behaviour of consumers and firms, it gives students a proper understanding of the choices made by these economic agents and a powerful tool to analyse the outcomes that result from their interaction. Successful managers and entrepreneurs understand the markets in which they operate. This enables them to define a coherent business strategy and to adjust it when external conditions vary. Being able to understand and describe one's own market is also necessary to articulate effective relationships with potential investors, lenders and other stakeholders. Similarly, regulators and policymakers need to understand the markets in which they must intervene to ensure greater effectiveness of their decisions and avoid unnecessary distortions.

This course presents consumers (demand) and firms (supply) behaviour as the two sides of a market. Once demand and supply are well understood, the course focuses on the description of different market structures -perfect competition, monopoly, oligopoly and markets with differentiated products and the assessment of the corresponding outcomes.

LEARNING OBJECTIVES

Students will acquire a good understanding of microeconomic concepts and principles, which will be particularly useful to analyze choices and incentives of market participants, to identify important market characteristics, and to make predictions about expected market outcomes. By using relevant exercises and examples, the course objective is to build strong theoretical foundations that are essential to progress in the understanding of more advanced microeconomic topics.

The course is designed so that students acquire skills that allow them to:

- Master the key concepts commonly used in microeconomic analysis.
- Use abstract reasoning, expressing it with the correct economic vocabulary.
- Identify the relevant elements that affect decision makers when facing an economic choice.
- Select the relevant information to describe the structure of different markets and how they function.
- Formulate and solve economic problems or questions with a model.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	30.0 %	45.0 hours
Discussions	13.33 %	20.0 hours
Exercises in class, Asynchronous sessions, Field Work	13.33 %	20.0 hours
Group work	26.67 %	40.0 hours
Individual studying	16.67 %	25.0 hours
TOTAL	100.0 %	150.0 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

INTRODUCTION

Getting to know your background and your expectations. The rules of the course.

Other / Complementary Documentation: Syllabus

SESSION 2 (LIVE IN-PERSON)

Principles of Microeconomics: thinking like an economist

Book Chapters: Krugman, chapter 1 (See Bibliography)

SESSION 3 (LIVE IN-PERSON)

Market Demand and its determinants. Market Supply and its determinants

Book Chapters: Krugman, chapter 3 (See Bibliography)

SESSION 4 (LIVE IN-PERSON)

Supply and Demand: a model of a competitive market. Equilibrium

Book Chapters: Krugman, chapter 3 (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

Consumer and Producer Surplus

Book Chapters: Krugman, chapter 4 (See Bibliography)

SESSION 6 (LIVE IN-PERSON)

Market intervention: price controls and quantity controls
Book Chapters: Krugman, ch 5 (See Bibliography)

SESSION 7 (LIVE IN-PERSON)

Demand and Supply Elasticities
Book Chapters: Krugman, chapter 6 (See Bibliography)

SESSION 8 (LIVE IN-PERSON)

Taxes and its effects on market equilibrium
Book Chapters: Krugman, Chapter 7 (See Bibliography)

SESSION 9 (LIVE IN-PERSON)

Test 1: Checking your understanding so far
Review

SESSION 10 (LIVE IN-PERSON)

Individual Decision-making: The Rational Consumer
Book Chapters: Krugman, chapter 9 & 10 (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

Individual consumer decision. From individual demands to Market Demand
Book Chapters: Krugman, chapter 10 (See Bibliography)

SESSION 12 (LIVE IN-PERSON)

Individual consumer behaviour
Book Chapters: Krugman, chapter 10 (See Bibliography)

SESSION 13 (LIVE IN-PERSON)

Production and Costs
Book Chapters: Krugman, chapter 11 (See Bibliography)

SESSION 14 (LIVE IN-PERSON)

Perfect Competition and Supply
Book Chapters: Krugman, chapter 12 (See Bibliography)

SESSION 15 (LIVE IN-PERSON)

Applications
Technical note & tutorials: Output and profits under perfect competition (EEN020116-U-ENG-VID)
Technical note & tutorials: Interactive Graph for a Competitive Market (EEN020044-U-ENG-HTML)
Technical note & tutorials: Market and enterprise in perfect competition. Interactive graph.

(EEN020059-U-ENG-HTM)

Practical Case : World Oil Prices: An economic approach (EEN010049-U-ENG-HTM)

SESSION 16 (LIVE IN-PERSON)

Test 2: checking your understanding

Review

SESSION 17 (LIVE IN-PERSON)

Monopoly: The standard monopoly model and market power, regulation of the monopoly, price discrimination.

Book Chapters: Krugman, chapter 13 (See Bibliography)

SESSION 18 (LIVE IN-PERSON)

Monopoly: The standard monopoly model and market power, regulation of the monopoly, price discrimination.

Book Chapters: Krugman, chapter 13 (See Bibliography)

SESSION 19 (LIVE IN-PERSON)

Monopoly: The standard monopoly model and market power, regulation of the monopoly, price discrimination.

Book Chapters: Krugman, chapter 13 (See Bibliography)

SESSION 20 (LIVE IN-PERSON)

Oligopoly: Introduction to game theory.

Book Chapters: Krugman, chapter 14 (See Bibliography)

SESSION 21 (LIVE IN-PERSON)

Oligopoly: Introduction to game theory.

Book Chapters: Krugman, chapter 14 (See Bibliography)

SESSION 22 (LIVE IN-PERSON)

Oligopoly: Introduction to game theory.

Book Chapters: Krugman, chapter 14 (See Bibliography)

SESSION 23 (LIVE IN-PERSON)

Oligopoly: Introduction to Game Theory

Book Chapters: Krugman, chapter 14 (See Bibliography)

SESSION 24 (LIVE IN-PERSON)

Monopolistic competition and product differentiation.

Book Chapters: Krugman, chapter 15 (See Bibliography)

SESSION 25 (LIVE IN-PERSON)

Monopolistic competition and product differentiation.

Book Chapters: Krugman, chapter 15 (See Bibliography)

SESSION 26 (LIVE IN-PERSON)

Monopolistic Competition and Product Differentiation

Book Chapters: Krugman, chapter 15 (See bibliography)

SESSION 27 (LIVE IN-PERSON)

Review-exercises-wrap up

SESSION 28 (LIVE IN-PERSON)

Group project presentations

SESSION 29 (LIVE IN-PERSON)

Group project presentations

SESSION 30 (LIVE IN-PERSON)

Final Exam

EVALUATION CRITERIA

Each student has 4 chances to pass any given course distributed over two consecutive academic years: 2 ordinary calls and 2 extraordinary calls (re-sits) in June. Students who do not comply during the semester with the attendance% required by the university attendance policy will fail both calls for this Academic Year (ordinary and extraordinary) and will have to re-take the course (i.e., re-enroll) in the next Academic Year

criteria	percentage	Learning Objectives	Comments
Class Participation	10 %		
Group Work	20 %		
Test 1&2 and quizzes	40 %		
Final Exam	30 %		

RE-SIT / RE-TAKE POLICY

A. CLASS PARTICIPATION: Two main criteria will be used in reaching judgment about your class participation:

- Frequency: The instructor will require a minimum threshold of contributions. Once the threshold quantity has been achieved, simply increasing the number of contributions will not necessarily improve the evaluation. Of course, attendance will be taken into account in the participation grade.
- Moving Your Peers' Understanding Forward: The relevance and timing of comments and the

flow and content of the ensuing class discussion will be considered when evaluating class participation. Participation in class around real topics will be specially valued.

B. GROUP REPORT: Students, organized in teams, will have to work on a market analysis project. The outcome of the project will be presented in class. Students from other groups are expected to raise relevant questions and/or comments. Instructions about this assignment will be provided in class.

C and D. INTERMEDIATE TESTS and FINAL EXAM: Exams will have a similar structure: they will include multiple choice questions with penalty for wrong answers; analytical problems and/or essay type questions. The final exam will include all course material. A minimum grade of 4 over 10 in the final exam is required to pass the course.

After the final exam, grades for the exam and for the course will be posted and you will have the possibility to attend a review session. Attendance to the review session is mandatory in order to clarify any concerns you might have regarding your exam/grade. You will be informed in advance about the time and place of the review session.

RE-SIT / RE-TAKE POLICY

Each student has 4 chances to pass any given course distributed over two consecutive academic years: 2 ordinary calls and 2 extraordinary calls (re-sits) in June.

Evaluation criteria will be subject to the following rules:

Students failing the course in the ordinary call (during the semester) will have to re-sit the exam in June (except those not complying with the attendance rule, who will not have that opportunity and must directly re-enroll in the course on the next Academic Year).

The extraordinary call exam in June will require your physical presence at the campus you are enrolled in (Segovia or Madrid). There is no possibility to change the date, location or format of any exam, under any circumstances. Dates and location of the June re-sit exam will be posted in advance. Please take this into consideration when planning your summer.

The June re-sit exam will consist of a comprehensive exam. Your final grade for the course will depend on the performance in this exam only; continuous evaluation over the semester will not be taken into consideration. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the re-sit exam.

Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers and assigned to this course will need to contact me the first week of class to find out what is expected for them to pass the course and the corresponding evaluation criteria for them. The maximum grade that may be obtained in the retake exam (3rd call) is 10.0 (out of 10.0).

After the extraordinary call exam, grades will be posted and you will have the possibility to attend a review session. Attendance to the review session is mandatory in order to clarify any concerns you might have regarding your exam/grade. You will be informed in advance about the time and place of the review session.

BIBLIOGRAPHY

Compulsory

- Krugman & Wells. (2021). *Microeconomics*. 6th. Worth Publishers, MacMillan. ISBN 9781319385842 (Printed)

Recommended

- N. Gregory Mankiw. *Principles of Microeconomics*. Cengage/9th/2020. ISBN 9780357133484 (Digital)

- Pindyck, Robert & Rubinfeld, Daniel. *Microeconomics*. Prentice Hall. ISBN 0132080230 (Digital)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

