

MICROECONOMICS

Grado en Administración de Empresas / Bachelor in Business Administration BBA SEP-2023 MIC-NBA.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: **NOEMI DANS RODRIGUEZ**

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NOEMI DANS

Academic Background

- PhD Cum Laude in Economics. UCM
- Master Degree in International Economics, UCM

Academic Experience

- Researcher at Euro.Mediterranean University Institute, UCM, Madrid
- Professor, IE University, Madrid.
- Professor, Escuela de Riesgos Banco Santander
- Associate Professor, Universidad Pontifica de Comillas, Madrid
- Associate Profesor, Universidad Complutense de Madrid,

Professional Experience

- CESCE (Spanish Export Credit Agency): Deputy Director
- CESCE: Head of International Relations and Country Risk
- OECD: Member of the "Group of Country Risk Experts of the OECD"
- Member of the Technical Committee, Berne Union (the Export Credit Agencies Association)

Some online papers

- http://sem-wes.org/sites/default/files/revistas/01_DANS.pdf
- <https://revistas.ucm.es/index.php/PADE/article/view/48672>
- <http://revistas.ucm.es/index.php/PADE/article/view/41100>
- http://universidadeuropea.es/myfiles/pageposts/jiu/jiu2012/pdf/ix_jiu_2012.pdf#page=167
- Research Interests: Country risk, foreign direct investment, credit risk

Office Hours

Office hours will be on request. Please contact at:

SUBJECT DESCRIPTION

??This course is an introduction to microeconomic analysis and its application to current social problems. Students will get acquainted with basic microeconomic thinking and will get a general and overarching perspective on the skills and information to understand more advanced microeconomic topics.

?Microeconomics is the branch of economics that studies the behavior 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.

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?The course is structured in six different parts:

1. ?The first part analyses **how economists think**.
2. ?The second part presents **how markets work**: supply and demand, elasticities and government policies.
3. ?The third part analyses the relationship between **markets and welfare**.
4. ?The fourth part covers the **economics of the public sector**: externalities and public goods.
5. ?The fifth course presents **consumer behavior**.
6. ?The last part of the course focuses on firm behavior and the analysis of different **market structures**: perfect competition, monopolies, oligopolies and markets with differentiated products.

Economics is a social science that uses inductive approaches. The course uses a data-based approach to understand theoretical abstract concepts. It insists on the application of knowledge to real cases and experiences, and on understanding the use mathematical models. Therefore, the focus of the course is eminently practical. The theoretical concepts learnt in class will be complemented with numerous real case studies and empirical exercises.

LEARNING OBJECTIVES

??The goal is for students to start thinking as economists: first, they get to know verified basic concepts and theories; second, they familiarize with the methodology that scholars and practitioners use in their research; finally, they interpret current real-life events based on recent economic theory. The final aim is that this methodology becomes a useful tool that students can apply in their future professional career.

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

- ?GOAL 1: Explain the major underlying principles of economics to understand how the economic system works.

- ?GOAL 2: Analyse how companies react to changes in market conditions in theoretical and practical cases. ?
- ?GOAL 3: Describe market failures and their impact on efficiency in theoretical and practical cases.
- ?GOAL 4: Discuss consumer behavior based on rational decision-making theory to interpret preferences and optimal choices.
- ?GOAL 5: Familiarize with the methodology that scholars and practitioners use to understand and explain decision making and the economic problems that surround us:
 - ?Basic theoretical models
 - ?Experiments
 - ?Empirical analysis: work with data
 - ??Students will learn about the social and ecological impact of economic policies and market behavior. Students will analyze and evaluate how different market structures and government policies have environmental and social impact on economies.

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	3.33 %	5.0 hours
Exercises in class, Asynchronous sessions, Field Work	20.0 %	30.0 hours
Group work	26.67 %	40.0 hours
Individual studying	20.0 %	30.0 hours
TOTAL	100.0 %	150.0 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

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

Reading:

Other / Complementary Documentation: Course Syllabus (s-c)

SESSION 2 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge
- Economic Development

Topic: How Economists think

Concepts: scarcity; economics efficiency; equality; opportunity cost; rational people; marginal change; incentive; market economy; property rights; market failure; externality; market power; circular-flow diagram; microeconomics; positive statements; production possibilities frontier; macroeconomics; normative statements.

Reading:

Book Chapters: Principles of microeconomics (Chapter 1: Ten principles of Economics; Chapter 2: Thinking Like an Economist) (See Bibliography)

Book Chapters: Microeconomics (Chapter 1: First Principles; Chapter 2: Economic Models: Trade-offs and Trade) (See Bibliography)

SESSION 3 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: The Market forces of Supply and Demand

Concepts: Market; law of supply and demand; competitive market; shortage; quantity demanded; surplus; law of demand; equilibrium; quantity demand; equilibrium; price; demand curve; normal good; supply curve; inferior good; substitutes; law of supply; complements; quantity supplied.

Reading:

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

Book Chapters: Microeconomics (Chapter 3: Supply and Demand) (See Bibliography)

SESSION 4 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Social Challenge
- Economic Development

Topic: Elasticity and its application

Concepts: Elasticity; price elasticity of demand; total revenue; income elasticity of demand; cross-price elasticity of demand.

Reading:

Book Chapters: Principles of microeconomics (Chapter 5: Elasticity and its Application) (See

Bibliography)

Book Chapters: Microeconomics (Chapter 6: Elasticity) (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Consumers, Producers, and the Efficiency of Markets

Concepts: welfare economics; willingness to pay; consumer surplus; cost; producer surplus; efficiency; equality.

Reading:

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

Book Chapters: Microeconomics (Chapter 4: Consumer and Producer Surplus) (See Bibliography)

SESSION 6 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: How economists use data.

PRACTICE OF CONCEPTS FROM SESSIONS 4, 5 & 6

SESSION 7 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Supply, Demand and Government Policies.

Concepts: price ceiling; price floor; tax incidence.

Reading:

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

Book Chapters: Microeconomics (Chapter 5: Price Controls and Quotas: Meddling with Markets) (See Bibliography)

SESSION 8 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Application: The Cost of Taxation

Concepts: deadweight loss.

Reading:

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

Book Chapters: Microeconomics (Chapter 7: Taxes) (See Bibliography)

SESSION 9 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge
- Economic Development

Topic: Externalities.

Concepts: externality; internalizing the externality; corrective tax Coase theorem; transaction costs.

Reading:

Book Chapters: Principles of microeconomics (Chapter 10: Externalities) (See Bibliography)

Book Chapters: Microeconomics (Chapter 16: Externalities) (See Bibliography)

SESSION 10 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Public Goods and Common Resources

Concepts: excludability; rivalry in consumption; private goods; public goods; common resources; club goods; free rider; cost–benefit analysis; Tragedy of the Commons.

Reading:

Book Chapters: Principles of microeconomics (Chapter 11: Public Goods and Common Resources) (See Bibliography)

Book Chapters: Microeconomics (Chapter 17: Public Goods and Common Resources) (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge
- Economic Development

Topic: Environmental, Social and Corporate Governance (ESG)

PRACTICE OF CONCEPTS FROM SESSIONS 7-10

The use of ESG approach to evaluate social goals of a firm.

SESSION 12 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Social Challenge

Topic: Consumer Choice

Concepts: budget constraint; indifference curve; marginal rate of substitution; perfect substitutes; perfect complements, normal goods, inferior good, income effect, substitution effect, Giffen Good.

Reading:

Book Chapters: Principles of microeconomics (Chapter 21: Consumer Choice) (See Bibliography)

Book Chapters: Microeconomics (Chapter 10: The Rational Consumer) (See Bibliography)

SESSION 13 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Social Challenge

Topic: Consumer Choice

Concepts: budget constraint; indifference curve; marginal rate of substitution; perfect substitutes; perfect complements, normal goods, inferior good, income effect, substitution effect, Giffen Good.

Reading:

Book Chapters: Principles of microeconomics (Chapter 21: Consumer Choice) (See Bibliography)

Book Chapters: Microeconomics (Chapter 10: The Rational Consumer) (See Bibliography)

SESSION 14 (LIVE IN-PERSON)

Sustainability Topics:

- Governance
- Social Challenge
- Economic Development

Topic: Behavioral Economics

Concepts: behavioral economics, fairness, time inconsistency.

Reading:

Book Chapters: Principles of microeconomics (Chapter 22: Frontiers of Micro: Behavioral Economics) (See Bibliography)

Book Chapters: Microeconomics (Chapter 9: Decision Making by Individuals and Firms: Behavioral Economics) (See Bibliography)

SESSION 15 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Mid-term Exam

SESSION 16 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: The Cost of Production

Concepts: total revenue; total cost; profit; explicit costs; implicit costs; economic profit; accounting profit; production function; marginal product; diminishing marginal product; fixed costs; variable costs; average total cost; average fixed cost; average variable cost; marginal cost; economies of scale; diseconomies of scale; constant returns to scale.

Reading:

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

Book Chapters: Microeconomics (Chapter 11: Behind the Supply Curve: Inputs and Costs) (See Bibliography)

SESSION 17 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: The Cost of Production

Concepts: total revenue; total cost; profit; explicit costs; implicit costs; economic profit; accounting profit; production function; marginal product; diminishing marginal product; fixed costs; variable costs; average total cost; average fixed cost; average variable cost; marginal cost; economies of scale; diseconomies of scale; constant returns to scale.

Reading:

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

Book Chapters: Microeconomics (Chapter 11: Behind the Supply Curve: Inputs and Costs) (See Bibliography)

SESSION 18 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Firms in Competitive Markets

Concepts: competitive market; average revenue; Total Cost.

Reading:

Book Chapters: Principles of microeconomics (Chapter 14: Firms in Competitive Markets) (See Bibliography)

Book Chapters: Microeconomics (Chapter 12: Perfect Competition and the Supply Curve) (See Bibliography)

SESSION 19 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Firms in Competitive Markets

Concepts: competitive market; average revenue; Total Cost.

Reading:

Book Chapters: Principles of microeconomics (Chapter 14: Firms in Competitive Markets) (See Bibliography)

Book Chapters: Microeconomics (Chapter 12: Perfect Competition and the Supply Curve) (See Bibliography)

SESSION 20 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Monopoly

Concepts: monopoly; natural monopoly; price discrimination.

Reading:

Book Chapters: Principles of microeconomics (Chapter 15: Monopoly) (See Bibliography)

Book Chapters: Microeconomics (Chapter 13: Monopoly) (See Bibliography)

SESSION 21 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Social Challenge

Topic: Monopoly

Concepts: monopoly; natural monopoly; price discrimination.

Reading:

Book Chapters: Principles of microeconomics (Chapter 15: Monopoly) (See Bibliography)

Book Chapters: Microeconomics (Chapter 13: Monopoly) (See Bibliography)

SESSION 22 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Monopolistic Competition

Concepts: monopolistic competition; differentiated goods.

Reading:

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

Book Chapters: Microeconomics (Chapter 15: Monopolistic Competition and Product Differentiation) (See Bibliography)

SESSION 23 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Social Challenge

Topic: Monopolistic Competition

Concepts: monopolistic competition; differentiated goods.

Reading:

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

Book Chapters: Microeconomics (Chapter 15: Monopolistic Competition and Product Differentiation) (See Bibliography)

SESSION 24 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Oligopoly

Concepts: oligopoly; collusion; game theory; cartel; Nash Equilibrium.

Reading:

Book Chapters: Microeconomics (Chapter 14: Oligopoly) (See Bibliography)

Book Chapters: Principles of microeconomics (Chapter 17: Oligopoly) (See Bibliography)

SESSION 25 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Oligopoly

Concepts: oligopoly; collusion; game theory; cartel; Nash Equilibrium.

Reading:

Book Chapters: Principles of microeconomics (Chapter 17: Oligopoly) (See Bibliography)

Book Chapters: Microeconomics (Chapter 14: Oligopoly) (See Bibliography)

SESSION 26 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Oligopoly

Concepts: oligopoly; collusion; game theory; cartel; Nash Equilibrium.

Reading:

Book Chapters: Principles of microeconomics (Chapter 17: Oligopoly) (See Bibliography)

Book Chapters: Microeconomics (Chapter 14: Oligopoly) (See Bibliography)

SESSION 27 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Market simulation. Game

PRACTICE OF CONCEPTS FROM SESSIONS 16-26

Multimedia Documentation: Classroom Games for Teaching Economics (economics-games.com)

Games & Simulations: Making Money on Oil (EEN090055-U-ENG-HTM)

SESSION 28 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Final Project Presentations: Market Analysis

SESSION 29 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Topic: Final Project Presentations: Market Analysis

SESSION 30 (LIVE IN-PERSON)

Sustainability Topics:

- Environment
- Governance
- Social Challenge

Final Exam

EVALUATION CRITERIA

The exams will be conducted in accordance with the current rules of the economics department and the university. They will be closed book exams.

The final grade will be based on the following criteria:

criteria	percentage	Learning Objectives	Comments
Final Exam	40 %		It consists of 40 MC questions to answer in 50 minutes. The final exam will include all the chapters. A minimum grade of 4 over 10 in the final exam is required to pass the course.
Intermediate Tests	20 %		Midterm Exam. It consists of 40 MC questions to answer in 50 minutes.
Workgroups	25 %		Students, organized in teams, will be invited to participate in a final project. The outcome of the project will be presented in class. All students are expected to raise relevant questions and/or comments.
Other	10 %		Practical Assignments. Instructions about practical assignments are presented in class.
Class Participation	5 %		Two main criteria will be used in reaching judgment about class participation: frequency and relevance of comments.

RE-SIT / RE-TAKE POLICY

RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or "re-sit") in June/July. Students who do not comply with the 80% attendance requirement (see attendance policy below) in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year. The Extraordinary Call 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

evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).

- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. 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 extraordinary call.
- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0). After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course).

Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session. ! Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects. ! In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

BIBLIOGRAPHY

Compulsory

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

Recommended

- Krugman, Paul & Wells, Robin. (2021). *Microeconomics*. 6th. McMillan education publishers. ISBN 9781319385842 (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.

