Introduction and Microeconomics (ECO 1041e)

Syllabus

Winter Semester 2019/20

Weekly hours: 4 (45 minutes)
ECTS-Credits: 6
Workload: 180 hours, 60 hours within class and 120 hours for self-study

Time:

- Study program: BWMI1, BIM1, BEL1, ISP31, BDEM1
  - Thursday, 15.30 - 17.00, W2.3.01
  - Friday, 13.45 - 15.15, W1.5.03

- Study program: BSWP1, BIB1, BCR1, ISP31, BWR1
  - Thursday, 17.15 - 18.45, W2.3.01
  - Friday, 11:30 – 13.00, W2.3.15

Level: Entry

Office hours: Thursday, 13.45 – 15.15 or after prior appointment, W4.1.04

Main Literature: Pindyck, R.; Rubinfeld, D.: Microeconomics, Pearson.
Outline of the course

• What is Economics?
  • What Economists Think about People
  • Basic Concepts
  • Economic Systems
  • Market Economy
  • Social Market Economy
  • Robinson Island

• Consumption Theory and Demand
  • Preferences
  • Indifference Curves
  • Budget Constraint
  • Consumer Choice
  • Demand
  • Market Demand
  • Price Elasticity of Demand
  • Other Elasticities of Demand
  • Income and Substitution Effects
  • Consumer choice

• Production, Cost Theory and Supply
  • Production Process
  • Production Function (with one variable input factor)
  • Production Function (with two variable input factors)
  • Returns to Scale
  • Measuring Cost
  • Cost Minimization
  • Profit Maximization
  • Perfectly Competitive Markets
  • Supply
  • Elasticity of Supply
  • Cost and Profit in the Long Run
  • Industry's Long Run Supply Curve
• **Market Mechanism and Market Failure**
  - Market Mechanism
  - Changes in Market Equilibrium
  - Consumer and Producer Surplus
  - Price Regulation
  - Tariffs and Taxes
  - Market Failure
  - Market Failure due to Asymmetric Information
  - Market Failure due to Externalities

• **Market Power and Imperfect Competition**
  - Monopoly
  - No Supply Curve in Case of Monopoly
  - Natural Monopoly
  - Monopoly Power
  - Social Cost of Monopoly Power
  - Monopolistic Competition
  - Oligopoly
  - Oligopoly Quantity Competition
  - Oligopoly Price Competition
  - Cartel
  - Price Discrimination
  - Competition Law

**Learning objectives**

By the end of the course, the students shall...

- …be able to handle supply and demand curves and to apply this instrument to economic problems.
- …be able to evaluate the risks of governmental interventions on the formation of prices and the markets.
- …know the functions of competition, the limits of freedom of competition and understand the different parts of competition policy.
Contributions to program goals

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<th>Goals</th>
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<th>Assessment</th>
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<td>Expert knowledge</td>
<td>- Decision-making in firms</td>
<td>written exam</td>
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<td>- Efficiency of competitive market solutions</td>
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<td>- Competition policy</td>
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<td>- Market failure and government regulation</td>
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<td>Use of information technology</td>
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<td>Critical thinking and analytical</td>
<td>Application of microeconomic methods to analyze real world problems and to</td>
<td>class discussion,</td>
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<td>competence</td>
<td>assess government policy</td>
<td>written exam</td>
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<td>Ethical awareness</td>
<td>Market failure, role of government in solving environmental and social problems,</td>
<td>class discussion,</td>
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<td>role and responsibility of firms</td>
<td>written exam</td>
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<td>Communication skills</td>
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<td>Capacity for teamwork</td>
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**Teaching and Learning Approach:**
The course is organized as a lecture, but throughout the course special emphasis is met on discussion and interaction with the students. The materials will be distributed to the students on the e-learning platform.

**Grading:**
The grading will be based upon a 60 minutes written exam at the end of the semester.

**Availability of the lecturer:**
Prof. Dr. Sascha Wolf
Office: W4.1.04
Email: sascha.wolf@hs-pforzheim.de