

Syllabus  
**ECO 5041 Foundations of Microeconomics**  
Hanno Beck  
Winter Semester 2023/24

<b>Level</b>	Master	
<b>Credits</b>	5 (together with ECO5042 Macroeconomics)	
<b>Student Contact Hours</b>	2 semester hours per week	
<b>Workload</b>	60 Hours	
<b>Prerequisites</b>	none	
<b>Time</b>	11:30 – 15:15	
<b>Room</b>	W4.1.06	
<b>Start Date</b>	5th of October	
<b>Lecturer(s)</b>	<b>Name</b>	Beck
	<b>Office</b>	W4.1.05
	<b>Virtual Office</b>	<a href="#">Internet-Büro Beck</a>
	<b>Office Hours</b>	Wednesday, 13:45 – 15:15
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## Overview

Topics of this course are basic economic ideas; moreover, the course deals with the behavior of consumers, workers and firms. The course helps to understand how markets work and what may go wrong with markets. Basic ideas of game theory are as well introduced as some ideas about market failures.

## Prerequisites:

You should be interested in economic topics and economic policy. Reading a daily newspaper or a weekly magazine (e.g the Economist) is helpful (and surely not wasted time).

## Learning Objectives

By the end of the course students

- have a good basic understanding of how models work and how they are used
- know how markets work and can apply their knowledge to current economic questions
- know how consumers decide
- know how companies act; what determines the supply of a market and how goods are priced
- have some basic insights into game-theoretic problems
- have some ideas how to make best out of life (that's at least what economics is all about)

## Course Topics:

- consumer behavior
- Individual and market demand
- Production; costs of production
- Profit maximization
- Competitive and non-competitive markets
- Game theory
- External effects and public goods

## Teaching and learning approach:

Welcome to *Microeconomics* course. This course is challenging, interesting, and valuable for your professional and personal life. **For each class the student has to come prepared by accomplishing the reading assignment.** In class we follow an interactive approach. The teacher does not cover all the subjects, he focuses on the main subjects referring to the reading assignment. A lot of the time in class shall be used to apply the knowledge and the methods to simple example cases.

You are supposed to take the reading assignments serious – you should read them at least two times – before and after class. If you start reading at the end of the season or you decide to read not at all, you will surely not pass the exam.

If you miss classes you miss an important learning increase. The lessons are build on the reading assignments. We consider the important concepts, models, principles from a different perspective and apply them on a real world situation.

**Course Material:****Basic literature**

N. Gregory Mankiw; Mark P. Taylor: Economics. Second edition, South-Western, Cengage Learning 2011.

**Additional literature:**

Robert S. Pindyck; Daniel L. Rubinfeld: Microeconomics, sixth international edition. Available at the library.

Tim Harford: The undercover economist. Little, Brown 2006.

**My teaching philosophy**

I will do anything to help you learn the subject as well as its real world implications. If you have problems or questions, please speak up in class. If you do not want to ask in class, please e-mail or see me at my office. If you have problems with your progress in the course please see me as early as possible. The longer you wait the fewer options I will have to help you. I really want you to graduate, but you must earn it. I do anything I can to help you as long as I can extend the same treatment to other students in the class. Please do not ask for unfair treatment. I really care about you as students and as human beings, but I do not give grades away.

**Grading**

For Microeconomics and Macroeconomics there is a joint 120 min exam which must be passed in total. In case of failure the exam must also be repeated in total.

## Tentative Schedule

<i>week</i>	<b>Reading assignment</b>	<b>Subject, case studies</b>
<b>One</b>	None	<p><i>Getting started:</i> why should you go to a university; how should you learn; first ideas on economics</p> <p><i>Case studies:</i> tuition fees; Germanys next Top-Model</p> <p><i>homework:</i> procurement of literature and slides</p>
<b>One</b>	Mankiw / Taylor: Chapter 1; pp. 2 – 40; p. 42 – 50 for some graphs	<p><i>Econmic thinking:</i> Scarcity; Incentives, thinking at the margin, opportunity costs; liberty</p> <p><i>Cases studies:</i> why do we pay farmers for doing nothing?; Tokio Hotel: The army wants you ; the case for a speed limit</p> <p><i>Homework:</i> Taking a cab; too busy for university?</p>
<b>Two</b>	Mankiw / Taylor: Chapter 4; pp. 68 – 91; pp. 35 - 44 o.V.: The year of the golden Pig, in: Economist, June 9 <sup>th</sup> , 2007; p. 59. o.V.: Cheap no more, in: Economist, Dec 8 <sup>th</sup> , 2007; p. 77 – 79	<p><i>How markets work:</i> Hog-Cycles, supply and demand</p> <p><i>Case studies:</i> BSE-crisis; natural ressources; cheap food no more</p> <p><i>Homework:</i> beating the traffic</p>
<b>Two</b>	Mankiw / Taylor: Chapter 5; Chapter 6 & 7 & 8 pp. 94 – 114; pp. 138 - 171	<p><i>Elasticities and welfare-analysis:</i> elasticities and economic rents</p> <p><i>Case studies:</i> drug markets; export restrictions; organ donation</p> <p><i>Homework:</i> the boll weevil</p>
<b>Three</b>	Mankiw / Taylor: Chapter 6 & 7 & 17 pp. 117 – 133; pp. 138 – 171; pp. 323 - 328	<p><i>How markets work:</i> price controls and taxes</p> <p><i>Case studies:</i> hardcover or paperback?; minimum wages and rent control; social security contributions</p> <p><i>homework:</i> a sea of milk; how the “Spiegel” got it wrong</p>
<b>Three</b>	Mankiw / Taylor: Chapter 13 pp. 264 – 283	<p><i>Production:</i> how companies work; shareholder Value</p> <p><i>case studies:</i> The jelly-baby-game; creedy CEO's</p> <p><i>Homework:</i> jelly babies, baby</p>
<b>Four</b>	Mankiw / Taylor: Chapter 14 pp. 287 – 305	<p><i>supply:</i> how companies work</p> <p><i>case studies:</i> social security contributions, productivity-oriented wage policy</p> <p><i>Homework:</i> What is dumping?</p>

<b>four</b>	Mankiw / Taylor: Chapter 15 pp. 308 – 333.	<p><i>Monopoly and competition policy:</i> monopoly, monopolistic competition, competition policy</p> <p><i>Case studies:</i> the great vitamin conspiracy; Uhren-Krämer versus Seiko; adidas versus SB-Kauf; Hertie and Kaufhof</p> <p><i>Homework:</i> No I-Phone in Australia?</p>
<b>five</b>	Mankiw / Taylor: Chapter 11 pp. 221 – 236	<p><i>Why we need governments:</i> public goods, merit wants; externalities</p> <p><i>Case study:</i> Microsoft and network externalities</p> <p><i>Homework:</i> public broadcasting and the internet</p>
<b>five</b>	Mankiw / Taylor: Chapter 10 pp. 198 – 219	<p><i>Externalities:</i> environmental policies, Coase-Theorem, property rights, tradable pollution permits</p> <p><i>Case study:</i> Bali conference; taxes vs. standards</p> <p><i>Homework:</i> don't marry, be happy</p>

## Course Intended Learning Outcomes and their Contribution to Program Intended Learning Outcomes / Program Goals

Program Intended Learning Outcomes		Course Intended Learning Outcomes	Assessment Method
After completion of the program the students will be able...		After completion of the course the students will be able...	Written Exam
			100%
			Individual
<b>1 Responsible Leadership in Organizational Contexts</b>			
1.1	... to know and explain important leadership principles.	- how companies work	
1.2	... to apply leadership concepts to an organizational context or a specific case.	- incentives and leadership	
1.3	... to critically reflect on leadership concepts in a certain organizational context or in a specific case.	long-term vs. short-term success of a company	
1.4	... to act responsibly from a scientific self-understanding and to act professionally.		
<b>2 Creative Problem Solving Skills in a Complex Business Environment</b>			
2.1	... to identify & classify problems.	-- Rational decision-making in firms	
2.2	... to analyze problems.	- Efficiency of competitive market solutions	
2.3	... to creatively solve problems.	- Effects of monopoly power and government interventions	
2.4	... to explain problems and their solutions in a comprehensive manner.		
<b>3 Applied research skills</b>			
3.1	... to know the research and analysis methods important in his/her field of study.	Application of microeconomic methods to analyze real world problems and to assess government policy	
3.2	... to appropriately apply the research and analysis methods.	Building models	
3.3	... to obtain innovative results using relevant research methods.		
<b>4 Innovation management and management of digital transformation</b>			
4.1	... to have fundamental knowledge of operational innovation processes and of processes of digital transformation.	the role of innovation in market economies; producer surplus as an economic profit	
4.2	... to assess a company's innovation potential and its needs/opportunities with respect to digital transformation.	Role of incentives for innovation	
4.3	... to develop complex technological strategies and strategies for managing digital transformation.	Role of network externalities for digital platforms and social media	
<b>5 Management of the challenges of global sustainability and awareness for social and corporate responsibilities</b>			
5.1	... to have a sound basic knowledge of sustainability issues.	Knowledge about externalities and environmental policies	
5.2	... to identify and analyze sustainability issues and their causes.		
5.3	... to develop sustainability strategies.		