COURSE DESCRIPTION

Course Title	**INTRODUCTION TO MICROECONOMICS**				
Course Code	ABSE101				
Course Type	Compulsory				
Level	BSc (Level 1)				
Year / Semester	1 / Fall				
Teacher's Name	Dr Petia Tanova / Dr Elena Ketteni				
ECTS	6	Lectures / week	3	Laboratories/week	
Course Purpose	This course is designed to provide students with an introduction to the main economic problems and constraints on economic decision makers. It aims to: • help students recognize and identify economic problems and enable them to know what questions to ask and how to articulate them; • engage them in searching for possible and appropriate answers, and developing their own understanding of the real world of microeconomics; • encourage them to enjoy "doing" microeconomics - reading, thinking, talking, and writing about events, issues, and ideas. This course is fundamental in enabling students to pursue further modules in economics and in the field of business decision making in general. It is not intended to give students all the answers or all of the the professional skills of an economist but intends to provide them with a toolbag of basic analytical techniques in microeconomics				

Learning Outcomes	Upon the successful completion of this course, students will be able to:
	1. Identify economic problems and economic decision makers;
2. Articulate the domain of economics and distinguish microeconomic problems from macroeconomic ones in real life;
3. Achieve a basic understanding of building models as a tool to study and analysis of economic activity;
4. Apply the model of production possibilities frontier (PPF) to explain how scarcity of resources leads to the necessity of choice and how over time, with economic growth, the range of choice can expand;
5. Compare and contrast efficient vs inefficient choices within the PPF model.
6. Estimate opportunity cost and analyze the implications of the law of increasing marginal opportunity cost in decision making;
7. Examine the role of the market in the solution of the three economic problems;
8. Derive the demand curve in a simulation game and distinguish between demand and quantity demanded.

| | 9. Compare and explain differences between the change in demand/supply and the change in quantity demanded/supplied in real life situations.
10. Define market equilibrium and its dynamics and apply graphical analysis to problem solving.
11. Quantify market responses of buyers and sellers to changes in market environment.
12. Discuss factors, determining price elasticity of demand and advocate an appropriate pricing policy on the basis of the price elasticity of demand.
13. Assess the rational and the shortcomings of price controls.
14. Analyze consumer decision making and assess the importance of consumer surplus for microeconomic policies.
15. Discuss the paradox of value.
16. Constrict the market demand curve for a good and apply it to problem solving.
17. Achieve a basic understanding of the vocabulary, concepts, and principles of economics;
18. Cope with evaluating different beliefs and opinions when discussing microeconomic problems and develop their own set of arguments and values;
19. Make sense of economic reality, transform theoretical knowledge into practical skills, and apply theories to problems and policy issues. |
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Prerequisites	**None**	Co-requisites	**None**

Course Content	*I. Introduction to Economics*
	Identify economic problems and economic decision makers. Examine sources of economic problems. Give scrutiny to scarcity of resources as the main constraint of economic decision making. Define the subject of economics and distinguish between micro- and macro- economic problems in real life.
	Determine the production possibility frontier (PPF), and build the PPF schedule and curve. Apply graphical analysis to problem solving. Define and explain the law of increasing marginal opportunity cost.
	Discuss the three economic problems and the mechanisms of their solutions under different economic systems. Understand the role of the market in the solution of the three economic problems. Identify market outcomes, and market failures and the rational for government intervention.
	II. Market Fundamentals
	Define the demand for goods and services. Build the demand schedule and the demand curve. Examine factors, determining demand.

Define the supply of goods. Build the supply schedule and the supply curve. Identify factors, determining supply.

Distinguish between change in quantity demanded/supplied and shifts in demand/supply from the perspective of real life decision making.

Define and analyze market equilibrium in its dynamics. Examine market clearing of surpluses and shortages and apply to problem solving.

III. Quantifying Market Responses: Elasticity.

Define price elasticity as a responsiveness of economic decision makers to changes in economic variables.

Identify price elasticity of demand and estimate its coefficient. Classify price elasticity of demand. Discuss factors, determining price elasticity of demand. Realize the relationship between price elasticity of demand and the revenue of the firms and apply it to problem solving.

Measure income elasticity and cross-price elasticity of demand and explain their practical implications.

Define and measure price elasticity of supply. Identify factors, affecting price elasticity of supply.

IV. Applications of Supply and Demand and Price Elasticity

Examine price elasticity of supply and demand in agriculture and apply it to economic policies of the government.

Evaluate the impact of a tax on equilibrium price and quantity and estimate the tax burden on buyers and sellers. Select the optimum taxation policy of the government as regard excise taxes.

Assess the rational and the shortcomings of price controls. Apply the market equilibrium theory to price determination in the black market.

V. Demand and Consumer Behaviour

Explain the demand and the behavior of consumers. Understand the basics of choice and utility theory. Explain the law of diminishing marginal utility in real world situations.

Derive the conditions for consumer equilibrium. Understand the substitution effect and the income effect and their implications in real life dynamics.

Discuss the paradox of value. Apply the concept of consumer surplus to real life problems and debate its importance in microeconomic policies.

Teaching Methodology	The taught part of course is delivered to the students by means of *ex cathedra* lectures and discussions in class, by means of traditional tools and using computer demonstrations. Some of the key issues are revealed on the basis of simulation games. Role playing and teamwork are incorporated in the simulations. Auditory exercises, where examples regarding matter represented at the lectures, are solved and further questions related to particular open-ended

	topic issues are compiled by the students and answered, during the lecture or assigned as homework. Topic notes are compiled by students, during the lecture. Lecture notes and slide shows can also be downloaded from the lecturer's webpage. Tutorial problems are submitted as homework and these are solved during lectures or privately during lecturer's office hours. Further literature search is encouraged by assigning students to identify a specific problem related to some issue, gather relevant scientific information about how others have addressed the problem and report this information in written or orally.
Bibliography	**(a) Textbooks:** • Sloman J, D. Garratt and Jon Guest. Economics. Pearson, 10th edition • Samuelson & Nordhaus, Economics, McGraw Hill, 19th edition **(b) References:** • Parkin M., M. Powell and K. Matthews. Economics, Pearson, 9th edition • Crystal A. & R. Lipsey. Economics, Oxford University Press, 13th edition n

Assessment	**(a) Methods:**
	Students are assessed with coursework that involves homework assignments and class participation, two written quizzes, a midterm and a final exam. The assessment involves explaining theoretical concepts, examining real life situations, solving numerical problems and applying graphical analysis.
	Students are assessed continuously and their knowledge is checked through tests with their assessment weight, date and time being set at the beginning of the semester via the course syllabus.
	Students are prepared for final exam, by revision on the matter taught, problem solving and concept testing and are trained to be able to deal with time constraints and revision timetable.
	The final assessment of the students is formative and cumulative and is assured to comply with the subject's expected learning outcomes and the quality of the course.
	(b) Criteria:
	The assessment criteria can be generalized as follows concerning the area assessed:
	• 86% or more – Excellent application of problem solving skills. • 76%-85% - Very good application of problem solving skills. • 66%-75% - Good application of problem solving skills. • 56%-65% - Satisfactory with some success in applying problem solving skills • 50%-55% -Satisfactory with limited success in applying problem solving skills • Below 50% -Little or no application of problem solving skills.
	Assessment criteria are available in each written assignment, midterm or in the final exam.
	(c) Weights:

Final Exam	60%
2 Quizzes	10%
Mid-term	20%

	Homework assignments and participation	10 %
Language	**English language**	