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| Course Unit Title | Microeconomic Analysis | | |
| Course Unit Code | ABSE203 | | |
| Type of course unit | Business Elective | | |
| Level of course unit | Bachelor (1 st Cycle) | | |
| Year of Study | 2 | | |
| Semester when the unit is delivered | 3 (Fall) | | |
| Number of ECTS credits allocated | 6 | | |
| Name of lecturer(s) | Dr. Petia Tanova, Dr. Bernard Musyck | | |
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| Learning Outcomes of the course unit | <p>By the end of the course, the students should be able to:</p> <ol style="list-style-type: none"> 1. Identify the goals of the firm and basic determinants of producer decision-making. 2. Compare and contrast economic and accounting costs and revenues and economic and accounting profit. 3. Examine the dynamics and structure of short run and long run costs and apply graphical models. 4. Identify the conditions of profit maximization and short run loss minimization 5. Analyze the determinants of industrial organization and outline different market structures. 6. Compare and contrast firm's conduct and performance under different market structures: perfect competition, pure monopoly, monopolistic competition and oligopoly. 7. Realize the nature and constraints of antimonopoly policy 8. Evaluate the determinants of factor income: analyse the labor market, capital market and land market. 9. Interpret empirical evidence and critically assess the effectiveness of microeconomic policies. | | |
| Mode of Delivery | Face-to-face | | |
| Prerequisites | ABSE101 | Co-requisites | NONE |
| Recommended optional program components | NONE | | |
| Course Contents | <p><i>I. Producer Decision Making</i> Economic identification of the firm as a profit maximizer. Economic analysis of costs and profit: Economic and accounting costs and profits. The meaning of the normal profit. Long run vs. short run decisions: short run vs. long run period; the law of diminishing marginal returns and productivity. Technological choice. Short run and long run costs and their dynamics. Quantifying costs and revenues. Graphical interpretation. Profit maximization/loss minimization decision. Graphical and functional analysis.</p> | | |

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| | <p>II. Analysis of perfectly competitive markets Assessment of the determinants of industry's structure Graphical and functional analysis of price-taking behaviour in the short run and in the long run. The perfect competitor's supply curve and the industry supply curve. Critical analysis of performance of the perfectly competitive markets. Efficiency typology as assessment.</p> <p>III. Decision making of the pure monopoly Identification and analysis of sources of market imperfection; natural vs. institutional monopoly. Structural conditions for the pure monopoly Profit maximization under the pure monopoly and performance of the pure monopoly. Comparative analysis of perfect competition and pure monopoly Key concepts of price discrimination. Critical assessment of the performance of the pure monopoly. The basics of antimonopoly policy and regulation</p> <p>IV. Market power and market rivalry Examination of monopolistic competition: structure, conduct, performance. Sources and nature of product differentiation. Excess capacity under imperfect competition. Appraisal of basic types of oligopoly and pricing. Cooperative and non-cooperative behavior. Basics of game theory and its application. Critical assessment of oligopoly; the contestable market theory; the Austrian approach to the analysis of the big firm</p> <p>V. Factor markets Determinants of profit maximization in the production factor markets The labor market and wage differentials; key concepts of discrimination Capital and interest. The land market variables</p> <p>VI. General market equilibrium and microeconomic policy Partial vs. general market equilibrium Definition and classification of microeconomic policies Empirical evidence on the effectiveness of microeconomic policies</p> |
| Recommended and/or required reading: | |
| Textbooks | <ul style="list-style-type: none"> • Samuelson & Nordhaus, Economics, McGraw Hill, 19th edition • Parkin M., M. Powell and K. Matthews. Economics, Pearson, 9th edition |
| References | <ul style="list-style-type: none"> • Crystal A. & R. Lipsey. Economics, Oxford University Press, 13th edition, |

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| | <ul style="list-style-type: none"> • Sloman J, A. Wride and D. Garratt. Economics. 8th edition | | | | | | | | |
| Planned learning activities and teaching methods | <p><i>Ex cathedra</i> lectures and discussions in class, by means of traditional tools or using computer demonstrations. Some of the key issues are revealed on the basis of simulation games.</p> <p>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.</p> <p>Topic notes are compiled by students, during the lecture which serve to cover the main issues under consideration and can also be downloaded from the lecturer's webpage. Tutorial problems are also submitted as homework and these are solved during lectures or privately during lecturer's office hours.</p> | | | | | | | | |
| Assessment methods and criteria | <table> <tr> <td>Final Exam</td> <td>60%</td> </tr> <tr> <td>Mid-term</td> <td>20%</td> </tr> <tr> <td>Homework assignments and participation</td> <td>10%</td> </tr> <tr> <td>2 Quizzes</td> <td>10%</td> </tr> </table> | Final Exam | 60% | Mid-term | 20% | Homework assignments and participation | 10% | 2 Quizzes | 10% |
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| Homework assignments and participation | 10% | | | | | | | | |
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| Language of instruction | English | | | | | | | | |
| Work placement(s) | NO | | | | | | | | |