Introduction to Microeconomics
Universidad de Navarra
1st semester 2005-06

Professor: Beatriz de Blas Pérez
Office hours: Weds 11-12h.
Professor’s website:
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Class schedule:
Group I (Bilingual): Mon18-20h; Thur18-20h. Room 03

Course objectives
The main objective of this class is to introduce to the student and discuss the main economic problems from the microeconomic point of view. We will study basic concepts such as supply and demand, the analysis of the consumer and firm choices, market theory, among others. The students will also be introduced into the use of the method of economic analysis. This analysis will be supplemented by discussing up to date examples and news.

Practical sessions
During the semester we will have practical sessions related to each topic. In each session students will have to give in the solutions of the previous problem set. Only 3 out of all the problem sets will be corrected.

Grading criteria:
The final grade will be the sum of the midterm exam (20%), the final exam (60%) and problem sets (20%). Failing to hand in any problem set implies losing the corresponding grades assigned to that problem set. If the student fails to hand in 3 or more problem sets, he/she will lose the corresponding 20% of the final grade.

There will be two exams: a cumulative midterm in December and a final exam in January/February. The structure of the exams will be the same: definitions, theoretical questions (65%) and problems (35%). The first of these components does not count in the final grade, but it must be passed, or else the rest of the exam will not be graded. The student must answer correctly at least 15 out of the 20 definitions required, in order for the rest of the exam to be graded.

Those students in higher than the second examination session can choose to be graded only by the final exam: the problem sets will not be corrected nor computed, the midterm is not required and the 100% of the grade will be the final exam. Those students interested in this option must communicate it to the professor before October, 7.

Basic bibliography
Handouts prepared by the professors.

Supplement bibliography
The syllabus will be supplemented by news articles from different sources, which will be posted on the website during the course.
Course outline

**Part I. Introduction**
1. The principles of economics (C. 1 MAN)
2. Thinking like an economist (C. 2 MAN)
   - Microeconomics and macroeconomics
   - Economic models and the role of assumptions
3. Some math review

**Part II. Supply and Demand I: how markets work**
4. The market forces of supply and demand (C. 4 MAN)
   - Markets and Competence
   - Demand
   - Supply
   - Market Equilibrium
5. Elasticity and its application (C. 5 MAN)
   - Demand elasticity
   - Supply elasticity
   - Some examples
6. Supply, demand and government policies (C. 6 MAN)
   - Price controls
   - Taxes
7. Consumers, producers and the efficiency of markets (C. 7 MAN)
   - Excedentes del consumidor y del productor
   - Market efficiency

**Part III. The study of demand**
8. The theory of consumer choice (C. 21 MAN)
   - Budget constraint, preferences and optimization
   - Individual and market demand

**Part IV. Firm behavior and the organization of industry**
9. The costs of production (C. 13 MAN)
   - Costs: definition and type of cost
   - The short run and the long run
10. Firms in competitive markets (C. 14 MAN)
    - Profit maximization in competitive markets
    - Market supply
11. Monopoly (C. 15 MAN)
    - What are they, and why do monopolies arise?
    - Price and production choice
    - Social costs of monopoly
    - Discrimination
12. Oligopoly and monopolistic competition (C. 16 & 17 MAN)
    - What is an oligopoly? Examples and government policies
    - Monopolistic competition

**Part V. Other applications of the theory of markets**
13. The markets for the factors of production (C. 18 MAN)
    - Labor supply and labor demand
    - Other factors of production
14. Market failures (C. 10 & 11 MAN)
    - Externalities
    - Public goods and common resources