



## **PCEO Grado en Derecho / Grado en Administración y Dirección de Empresas**

### **30604 - Microeconomics I**

**Course 2013 - 2014**

**Curso: 1, Semestre: 2, Créditos: 6.0**

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## **Basic information**

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### **Teachers**

- **Luis Fernando Lanaspá Santolaria** llanas@unizar.es
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### **Recommendations to attend this course**

In order to have an optimum understanding of the course, a previous basic knowledge of Economics and Mathematics is recommended.

### **Course Schedule and Deadlines**

This course is offered during the second semester, which runs between February and June. The official hours and dates of the final exams can be found on the web pages of the centres in which the course is offered.

Dates of the partial exams will be announced in each group.

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## **Home**

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### **Learning outcomes that define this course**

**The student, in order to pass the course, will have to show her/his competence in the following skills:**

**1:**

Show adequate understanding of the methodology in Economic Analysis as well as its aims and scope, identifying its main components: economic agents, models, variables and data.

**2:**

Correctly use the basic terminology of an economist in describing topics in the field of Microeconomics

**3:**

Correctly describe and interpret any decision problem of an economic agent, consumer or producer, using verbal reasoning, graphic representations and mathematical analysis (calculus and basic algebra).

**4:**

Model formally any non-dynamic decision problem of an individual economic agent as a conditional optimization problem, identifying the relevant endogenous and exogenous variables, obtaining a quantitative solution (behaviour equations), and explaining how the solution could change when the economic environment changes (comparative statics).

**5:**

Reasonably predict the result and determinants of the interaction of numerous economic agents in competitive markets in the short-term, and to describe the resulting equilibria and disequilibria with adequate verbal, graphical and mathematical tools

**6:**

Carry out normative analysis and economic policy recommendations

**7:**

Learn autonomously and produce written reports according to the established guidelines.

## Introduction

### Brief presentation of the course

Microeconomics I is the first economic theory course in the curriculum, and establishes the foundation on which future contents will be developed later during the degree. The course is structured in three parts. The first one introduces the basic concepts of microeconomics, like supply, demand and markets. The second part is devoted to consumer theory and demand, and the third part focuses on producer behaviour and the determinants of market supply.

All this constitutes a logical and conceptual knowledge pack which will be later complemented and expanded in Microeconomics II and other related courses in the curricula which comprise the development of the student.

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## Competences

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### General aims of the course

#### The expected results of the course respond to the following general aims

Microeconomics I, together with Microeconomics II, offer a global vision of the basic knowledge of microeconomic theory that every graduate should have acquired.

Microeconomics I begins with a description of the market and the interactions between supply and demand. Then, both sides of the market are individually studied in detail.

The tools and techniques used in the analysis will be verbal reasoning, visual representations and mathematical analysis.

#### Context/Importance of the course for the master degree

Microeconomics I is part of a full course of intermediate microeconomics. In consequence, its contents are fundamental for the student, providing the necessary elements to study basic economic institutions from the perspective of economic analysis. The course belongs to the module "Fundamentals of Economic Analysis and Instruments" and to the field "Economic Theory".

The context of the course Microeconomics I in the Business degree can be found in <http://dae.unizar.es/gade/microi/graficoinfluencias.pdf>

## **After completing the course, the student will be competent in the following skills:**

- 1:** To evaluate the situation and the previous evolution of companies and organizations, and to be able to acquire the relevant knowledge for taking informed decisions successfully.
- 2:** To produce assessments of particular market situations, sectors, organizations, companies and their functional areas
- 3:** To understand and apply professional criteria and scientific standards to the solution of economic, business and organizational problems.
- 4:** To be able to solve problems.
- 5:** To be able to analyse and synthesize.
- 6:** To be able to apply knowledge in practice.

## **Relevance of the skills acquired in the course**

1. Allow the student to design and resolve economic problems according to the appropriate economic methods.
  2. Provide the necessary analytical tools to understand economic reality accurately and rigorously.
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## **Evaluation**

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### **Assessment tasks**

#### **The student will prove that he/she has achieved the expected learning results by means of the following assessment tasks:**

- 1:** A final global exam that evaluates the knowledge of microeconomics encompassed in the course program. This exam will be in two sections, a theory/practical section and a section of practical exercises. Each of these sections will score in the range of 40-60% of the final mark. There is no minimum score required in either of the two sections.
- 2:** Completion of three voluntary partial exams, which will take place during class time and will evaluate both the theoretical and practical parts of each chapter. These exams will be in multiple-choice test format and will be held at the end of lessons 2, 5 and 7.

### **Evaluation and grading criteria**

#### Evaluation criteria:

The student will:

- Know and understand the concepts contained in the course.

- Apply the techniques of Economic Analysis correctly.
- Select important information and interpret it appropriately.
- Express his/her reasoning in a clear and orderly manner.

Marking:

The final mark is obtained as the highest of the following:

1. The mark achieved in the final exam after the teaching period.
2. The figure resulting from weighting the average mark of the voluntary partial exams (40%) with the mark of the final exam after the teaching period (60%).

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## Activities and resources

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### Course methodology

**The learning process that has been designed for this course is based on the following activities:**

Participative lectures. The professor will explain the basic course content. The student must supplement the explanations with the recommended reading.

Practical classes. Students will solve practice exercises, always under the supervision of the professor. This will be done in smaller groups to facilitate the participation of each student.

### Outline of the Programme

**The programme offered to the students to help them achieve the learning results includes the following activities :**

**1:**

Theory classes:

Credits 1.2.

Methodology: Class attendance and participative problem-solving.

**2:**

Practical classes:

Credits: 1.2

Methodology: Class attendance, problem-solving and case studies.

**3:**

Tutorials and seminars:

Credits: 0.6

Methodology: Tutorial and complementary activities

**4:** Personal work:

Credits: 3

Methodology: Solution of exercises. Use of ITCs. Preparation of assignments and exams.

## Course planning

### Calendar of actual sessions and presentation of works

It is estimated that a student will spend an average of 150 hours of effective work for optimally preparing this course. These hours include both class-work and attendance and homework/exam preparation. It is highly recommended that the student distribute this preparation time evenly during the term.

#### Timetable

	HOURS OF ATTENDANCE			HOURS OF PERSONAL WORK
	Theory	Practice	P6	
LESSON 1	3 hours	0 hours	0 hours	5 hours
LESSON 2	7 hours	2 hours	4 hours	13 hours
LESSON 3	7 hours	2 hours	2 hours	11 hours
LESSON 4	7 hours	3 hours	3 hours	13 hours
LESSON 5	7 hours	3 hours	2 hours	12 hours
LESSON 6	7 hours	2 hours	2 hours	11 hours
LESSON 7	7 hours	3 hours	2 hours	12 hours
Total	45	15	15	75

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#### Part I: Introduction

Lesson 1. Concept and scope of the Economy

- 1.1. Economics as a social science
- 1.2. Method in economic science
- 1.3. Topics in Microeconomics
- 1.4. Organization of economic activity

Lesson 2. Demand, supply and market mechanics

- 2.1. Market demand
- 2.2. Market supply
- 2.3. Equilibrium in the competitive market
- 2.4. Elasticities of demand and supply

## **Part II: Theory of Consumption**

### Lesson 3. Preferences, utility and budget constraint

- 3.1. The budget set and preferences
- 3.2. The utility function
- 3.3. The marginal rate of substitution
- 3.4. The budget constraint

### Lesson 4. Consumer choice

- 4.1. Consumer equilibrium
- 4.2. Individual demand function
- 4.3. Demand curves and the Engel curve
- 4.4. Price elasticities and income elasticities
- 4.5. Classification of goods and demand

### Lesson 5. The function of **the** individual and market demands

- 5.1. Substitution effect and income effect
- 5.2. Consumer surplus
- 5.3. From the individual function to the market function

## **Part III: Theory of Production**

### Lesson 6. Production

- 6.1. The production set and the production function
- 6.2. The marginal rate of technical substitution
- 6.3. Returns to scale
- 6.4. Marginal, average and total productivity

### Lesson 7. Minimizing costs and maximizing benefit

- 7.1. Cost minimization
- 7.2. Conditioned demand of inputs
- 7.3. Cost functions
- 7.4. Long-run and short-run costs
- 7.5. Marginal income, marginal costs and profit maximization

## **Bibliographic references of the recommended readings**

- Bergstrom, Theodore C.. Ejercicios de microeconomía intermedia /Theodore C. Bergstrom, Hal R. Varian . - 5<sup>ª</sup> ed Barcelona :Antoni Bosch,D.L. 2001
- Frank, Robert H.. Microeconomía intermedia : análisis económico y comportamiento / Robert H. Frank . 7<sup>ª</sup> ed. Madrid [etc.] : McGraw-Hill, cop. 2009
- Gravelle, Hugh. Microeconomía / Hugh Gravelle y Ray Rees . - 3<sup>ª</sup> ed. Madrid : Pearson, 2005
- Nicholson, Walter. Microeconomía intermedia y aplicaciones / Walter Nicholson ; revisión técnica Juan Carlos Zapatero,

Fernando Esteve . 9ª ed. Madrid [etc.] : Thomson, 2006

- Pindyck, Robert S. : Microeconomía / Robert S. Pindyck, Daniel L. Rubinfeld ; traducción y revisión técnica, Esther Rabasco Espáriz . - 8ª ed. Madrid : Pearson Educación: Prentice-Hall, 2013
- Varian, Hal R. : Microeconomía intermedia : un enfoque actual / Hal R. Varian ; traducción de Mª Esther Rabasco y Luis Toharia . - 8ª ed. Barcelona : Antoni Bosch, D.L. 2010