

### 3. Introduction to Microeconomics

<b>1. Module Title</b>	<b>Introduction to Microeconomics</b>	<b>2. Module Code</b>	
<b>3. Academic Year, Semester, Module Status</b>	2021-2022 Fall semester, Full-time		
<b>4. Aims and Learning Outcomes</b>	<p>The aim of this course is to teach to students the foundations of microeconomics.</p> <p>By the end of the course students (will be able to):</p> <ul style="list-style-type: none"> <li>▪ understand how different entities make decisions under the assumption of rationality;</li> <li>▪ explain how supply and demand influence the allocation of resources between different types of activities;</li> <li>▪ understand how customers choose between different type of goods;</li> <li>▪ explain how companies in different market structures make decisions about price level and quantity of production;</li> <li>▪ recognize how outcomes change if the assumption of rationality is relaxed.</li> </ul>		
<b>Knowledge</b>	<b>Effect Code</b>		<b>Assessment</b>
	<b>Subject</b>	<b>Field</b>	
1. Knows the basics of microeconomics.		KW_02	In-class exams.
2. Knows the history of development of the economic science.		KW_03	In-class exams.
<b>Skills</b>	<b>Effect Code</b>		<b>Assessment</b>
	<b>Subject</b>	<b>Field</b>	
1. Can use the knowledge of supply and demand in order to predict the efficiency of the enterprise performance.		KU_01	In-class exams.
2. Can predict the changes of supply and demand on a given market.		K_U20	Final project.
3. Can critically evaluate the efficiency of the enterprise.		KU_09	In-class exams and final project.
4. Propose and discuss strategic actions aimed at maintaining or creating competitive advantages.		K_U08	Final project.
<b>Social Competencies</b>	<b>Effect Code</b>		<b>Assessment</b>
	<b>Subject</b>	<b>Field</b>	
1. Can critically assess the efficiency of different microeconomic policies and select the most appropriate one.		K_K01	In-class exams and final project.
2. Can organize projects for the enterprise development.		K_K02	In-class exams and final project.
<b>5. Module Coordinator</b>	<b>Name</b>		<b>E-mail</b>
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<b>6. Lecturer</b>	<b>Name</b>		<b>E-mail</b>

	mgr Katarzyna Marton – Gadoś mgr Karol Jene	k.marton-gados@lazarski.edu.pl karol.jene@lazarski.pl
<b>7. Module Level</b>	<b>Masters</b>	<b>Bachelors</b>
		x
<b>8. Year and Programme</b>	<b>Year</b>	<b>Programme</b>
	1	BA in Finance & Accounting
<b>9. Module Content</b>		
<b>#</b>	<b>Topics Discussed</b>	<b>Hours</b>
<b>Seminar</b>		
1.	Introduction to economics and microeconomics. Basic definitions and variables. Concept of rationality, methodology of economics and microeconomics, transformation curve, opportunity cost.	2.5 h each topic
2.	Market – demand, supply and market equilibrium. Relative prices, introduction of demand and supply as well as their incentives. Concept of market equilibrium.	30 h together
3.	Elasticity. Concept of elasticity: price elasticity of demand, price elasticity of supply, income elasticity of demand, cross elasticity of demand, Engel’s Law.	
4.	Customers choice theory – part one: cardinal and ordinal concepts approaches to customers choice, concept and measurement of utility, total and marginal utility, marginal utility and law of demand.	
5.	Customers choice theory – part two: budget constraint, different types of indifference curves, marginal rate of substitution, utility maximizing equilibrium, income expansion path, changes in relative prices – substitution effect, income effect and their relation to demand elasticities. End of In-class 1 material.	
6.	Companies and production. Production function: total product, average product, marginal product and their interactions. Differences between short and long run.	
7.	Costs. Cost function: total cost, average cost and marginal cost. Costs in short and long run. Economies of scale.	
8.	Introduction to different market structures and perfect competition. Assumptions about perfect competition, perfect competition in short and long run.	
9.	Monopoly. Assumptions about monopoly, monopoly in short and long run, costs and benefits of monopoly, monopoly and innovation, patent law and appropriability.	
10.	Monopolistic competition. Assumptions about monopolistic competition, monopolistic competition in short and long run, differences between monopolistic competition and perfect competition, Lerner index. End of In-class 2 material.	
11.	Oligopoly: Assumptions about oligopoly, Sweezy’s (kinked demand) model and Cournot’s model and basic concepts of game theory.	
12.	Behavioural and experimental economics: constrains on rationality, different concepts of rationality, perception, cognitive dissonance, context, Dan Ariely on economics.	
<b>Workshop</b>		
1.	Introduction to economics and microeconomics. Basic definitions and variables.	1.25 h each topic
2.	In reference to the lecture no. 1: Concept of rationality, methodology of economics and microeconomics, transformation curve, opportunity cost.	
3.	In reference to the lecture no. 2:	

<p>Market – demand, supply and market equilibrium. Relative prices, introduction of demand and supply as well as their incentives. Concept of market equilibrium.</p> <p>4. In reference to the lecture no. 3: Elasticity. Concept of elasticity: price elasticity of demand, price elasticity of supply, income elasticity of demand, cross elasticity of demand, Engel’s Law.</p> <p>5. In reference to the lecture no. 4: Customers choice theory – part one: cardinal and ordinal concepts approaches to customers choice, concept and measurement of utility, total and marginal utility, marginal utility and law of demand.</p> <p>6. In reference to the lecture no. 5: Customers choice theory – part two: budget constraint, different types of indifference curves, marginal rate of substitution, utility maximizing equilibrium, income expansion path, changes in relative prices – substitution effect, income effect and their relation to demand elasticities. End of In-class 1 material.</p> <p>7. In reference to the lecture no. 6: Companies and production. Production function: total product, average product, marginal product and their interactions. Differences between short and long run.</p> <p>8. In reference to the lecture no. 7: Costs. Cost function: total cost, average cost and marginal cost. Costs in short and long run. Economies of scale.</p> <p>9. In reference to the lecture no. 8: Introduction to different market structures and perfect competition. Assumptions about perfect competition, perfect competition in short and long run.</p> <p>10. In reference to the lecture no. 9 and no. 10: Monopoly. Assumptions about monopoly, monopoly in short and long run, costs and benefits of monopoly, monopoly and innovation, patent law and appropriability. Monopolistic competition. Assumptions about monopolistic competition, monopolistic competition in short and long run, differences between monopolistic competition and perfect competition, Lerner index. End of In-class 2 material.</p> <p>11. In reference to the lecture no. 11: Oligopoly: Assumptions about oligopoly, Sweezy’s (kinked demand) model and Cournot’s model and basic concepts of game theory.</p> <p>12. In reference to the lecture no. 12: Behavioural and experimental economics: constrains on rationality, different concepts of rationality, perception, cognitive dissonance, context, Dan Ariely on economics.</p> <p><b>In order to facilitate the practical approach to teaching process students will be gives assignments that will contain a mixture of exercises to test understanding of the microeconomic concepts, problem solving skills, as well as ability to think analytically and apply the theory to real life scenarios.</b></p>	<p><i>15 h together</i></p>	
<p><b>10. Individual Student's Work</b></p>		
<p>#</p>	<p>Description</p>	<p>Hours</p>

	Covering required readings	25
	Preparation for the in-class exams	20
	Preparation of the final project.	20
<b>11. Assessment Methods</b>	Coursework (100%): 1. two in-class exams (each worth 30%), 2. final project (40%).	
<b>12. Assessment Criteria</b>	In order to pass the course student should score at least grade 3.0 (50%) as the total grade for semester. Scoring translates into grades as follows: 50 - 59 points - grade 3 60 - 69 points - grade 3.5 70 - 79 points - grade 4 80 - 89 points - grade 4.5 90 - 98 points - grade 5 98-100 points - grade 5.5 In the case of exceptional student achievements, the lecturer can award a 5.5 mark with fewer points.	
<b>13. ECTS Credits</b>	5	
		<b>Hours</b>
		<b>ECTS</b>
	<b>Contact Hours</b>	
	Workshop	15
	Seminar	30
	Consultation	15
	<b>Other Kind of Student's Activity</b>	
	Individual Student's Work	65
	<b>SUMM</b>	125
		5
<b>14. Required Readings</b>	1. Mankiw, N.G., Taylor, M. P. <i>Microeconomics</i> Cengage Learning EMEA (2011)	
<b>15. Recommended Readings</b>	1. Varian, H.R., <i>Intermediate Microeconomics</i> W. W. Norton & Company (2010)	
<b>16. Place where module is run</b>	LU campus	
<b>17. Other</b>		