

# CORE MODULE DESCRIPTORS

(in the order in which they are offered)

## SEMESTER 1 (POLISH AWARD)

### MICROECONOMICS, INTERMEDIATE

#### 1. MODULE SUMMARY

<b>ECTS points</b>	5
<b>Total student study hours</b>	125
<b>Number of weeks</b>	12
<b>School responsible</b>	Lazarski University, Faculty of Economics and Management
<b>Academic Year</b>	2021-2022

#### Aims and Summary

The objective of this course is to give students the conceptual basis and the necessary tools for understanding microeconomics and reasons behind the behavior of economic units at the pre-intermediate level. The course offers some applications of microeconomic models/concepts. The course covers four broad areas: the theory of markets and prices, the theory of consumer behavior, the theory of the firm in different market structures (perfect competition and monopoly), and the theory of externalities and public goods.

#### Module Size and credits 30 hours, 5 ECTS

#### Entry Requirements (pre-requisites and co-requisites)

None

#### Excluded Combinations

None

#### Composition of module mark (including weighting of components)

Final exam, 60%

Coursework, 40%, composed of an in-class exam

### **Pass requirements**

To pass the course, a student must score at least 40% of the overall weighted average and not less than 35% for each assessment component (i.e., coursework and final exam). Re-assessment: coursework component and/or examination as appropriate.

### **Special Features**

None

### **Course stages for which this module is mandatory**

MSc in International Business Economics, Year 1

### **Course stages for which this module is a core option**

None

## **2. TEACHING, LEARNING AND ASSESSMENT**

### **Intended Module Learning Outcomes**

Upon completion of this course, students will be able to:

1. Analyse main determinants of both demand and supply, debate the problem of setting market equilibrium quantity and price, the point at the role of price and income elasticities of demand in collecting revenues for the firms;
2. Discuss pros and cons of government intervention in a free market;
3. Analyse consumer behaviour and choice and solve consumer's utility maximization problem (including intertemporal choice);
4. Analyse the technology of production in the short run and in the long run; 5. Investigate cost minimization problem as well as the behaviour of production costs in short and in the long run;
6. Solve profit maximization problem for a firm in different market structures (perfect competition and monopoly);
7. Discuss pricing strategies used by the firms with market power.
8. Analyse the behaviour of markets for production factors.

9. Study and understand the role of externalities and public goods in the economy.

**Indicative Content:**

**I. Supply, Demand, and Market Equilibrium**

1. Supply and demand curves.
2. Market mechanism. Changes in market equilibrium.
3. Price, income, and cross-price elasticity of demand.
4. Impact of price elasticity of demand on revenues of producers.
5. Price elasticity of supply.
6. Effects of government intervention - price controls, imposition of taxes.

**II. Consumer Behaviour**

1. Consumer preferences, indifference curves.
2. Utility function.
3. Marginal rate of substitution.
4. Budget line; the effect of changes in income and prices on the budget line.
5. Consumer choice.

**III. Individual and Market Demand**

1. Individual demand.
2. Income and substitution effects.
3. Price changes; price-consumption curve; the individual demand curve.
4. Income changes; income-consumption curve; normal versus inferior goods; the Giffen good.
5. Market demand.
6. Consumer surplus.

**IV. Intertemporal choice**

1. Intertemporal budget constraint.
2. Preferences for consumption.
3. Marginal rate of time preferences.
4. Future discounted value.
5. Present discounted value.

## **V. Production: technology and costs**

1. Technology of production.
2. Production with one variable input – short run production function.
3. Production with two variable inputs – long run production function.
4. Returns to scale.
5. Cost in the short run.
6. Cost in the long run.
7. Economies of scale.
8. Economies of scope.
9. Learning curve.

## **VI. Profit maximisation under perfect competition**

1. Perfectly competitive markets.
2. Marginal revenue, marginal cost, profit maximization.
3. The competitive firm's short run supply curve.
4. Producer surplus.
5. Choosing output in the short run.
6. Long run industry supply curve.

## **VII. Profit maximisation under monopoly**

1. Basic assumptions about monopolistic markets.
2. A monopolist's output decision.
3. Sources of monopoly power.
4. The social cost of monopoly (deadweight loss of monopoly).

## **VIII. Pricing with market power**

1. Capturing consumer surplus.
2. Price discrimination (first-, second, and third- degree).
3. Intertemporal price discrimination.
4. Peak-load pricing.
5. The two-part tariff.
6. Bundling.

## **IX. Externalities and public goods**

1. Positive and negative externalities.
2. Ways of correcting market failures.
3. Externalities and property rights.
4. Public goods.
5. Private preferences for public goods.

### **Teaching and Learning**

This module will be taught by means of workshops and self-directed study. Formative Assessment: Each assessment element will be discussed during workshops. Tutorial guidance will be provided for exam. Student activity and time spent on each activity comprises:

<b>Guided</b>	0 hours	(0%)
<b>Lecture</b>	30 hours	(24%)
<b>Self guided</b>	95 hours	(76%)
<b>Seminar</b>	0 hours	(0%)
<b>Workshop</b>	0 hours	(0%)
<b>Total</b>	125 hours	

### **Method of Assessment (normally assessed as follows)**

Final exam, 60%, will assess learning outcomes 1-9

Coursework, 40%, composed of an in-class exam will assess learning outcomes 1-5

## **3. MODULE RESOURCES**

### **Essential Reading**

R.S. Pindyck, D.L. Rubensfeld, Microeconomics, 6<sup>th</sup> Edition, Prentice Hall International, Inc., 2010.

R. Frank, Microeconomics and behaviour, 8<sup>th</sup> Edition, McGraw Hill, 2010.

### **Recommended Reading**

V.Y. Suslov, J.H. Hamilton, Microeconomics. Study Guide, 5<sup>th</sup> Edition, Prentice Hall International. Inc., 2007

J. Hirschleifer, A. Glazer, D. D. Hirschleifer, Price Theory and Applications, 7<sup>th</sup> ed. Cambridge University Press, 2005

**Required Equipment** None.

### **4. MODULE ORGANISATION**

**Module leader name** Prof. Joanna Działo

**E-mail** joanna.dzialo@lazariski.pl

### **Length and month of examination**

120 minutes in January

### **Expected teaching timetable slots**