Universidad de Alcalá

COURSE GUIDE

MICROECONOMICS I

Degree in International Business and Economics
University of Alcalá

Academic Year 2024/2025
Year 2 – Term 1

COURSE GUIDE

Course Name:	**Microeconomics I**
Code:	**360009**
Degree Course:	**Degree in Economics and International Business (ENI)**
Subject Area:	**Department: Economics** **Area: Foundations of Economic Analysis**
Type:	**Compulsory**
ECTS Credits:	**6 credits**
Year and Term:	**Year 2 – Term 1**
Course Conveners:	**Purificación Granero Gómez** **purificacion.granero@uah.es**
Teaching hours:	**To be announced**
Language of Instruction:	English

1. OVERVIEW

Once students have completed the course 'Introduction to Economics' and understand the basic concepts and tools of economic analysis, this subject develops questions specifically relating to microeconomics. To that end this course will build upon the topics introduced in Year 1, developing corresponding analytic models.
Microeconomic analysis provides the tools necessary to understand and analyze the behavior of economic agents and the decision-making processes surrounding the issues raised. It allows the development and understanding of the need of economic policies and, in general, of the way in which the modern economy functions.

The study of microeconomics provides the student with a technical vocabulary and allows them to use the economic criteria of the efficient allocation of resources to tackle the solution of problems.
In particular, the course 'Microeconomics I' centers around the fundamental content of theories of consumer choice and business.

The course is structured in four parts. The first part focuses on introducing the course content and revising some of the basic concepts studied in the course 'Introduction to Economics'.

The second part of the course analyzes the economic theory of consumer choice, in order to describe how consumers maximize their well-being according to their preferences and limitations. The ultimate goal of this part is to develop the concept of demand, and to determine what market demand is. Through models based on the specification of individual preferences and utility theory, students analyze indifference

curves showing the behavior of individuals regarding the possibility of making exchanges. Then, the model of utility maximization is introduced, which allows the analysis of how individuals react to variations in the price of goods, allowing the deduction of the function of individual demand. With this information, students can proceed to derive the function of market demand and study its flexibilities.

The third part of the course analyzes the economic theory of production and of production costs. The unit of analysis is the business, which should determine what to produce, with what resources and the quantity of resources available. In the first instance, it is established which of the different productive factors are production relations in order to determine the function of production, the production map and its main characteristics. From this point it is possible to explain how the business makes production decisions to minimize costs and how these costs vary as a result of variance in production, in order to calculate the functions of costs, both in the long- and short-term.

Finally, the fourth part of the course analyzes the conditions necessary for a business to determine the amount that it is prepared to offer in order to meet its objective and reach the highest level of profit within the framework of the competitive market. In this way it is possible to discern the supply function of a competitive business.

This course, together with Microeconomics II and Macroeconomics I and II, constitutes the core part of the fundamentals of Economic Analysis. Its study will allow access to other materials related to economic theory and applied economic analysis that will be taught in the other courses.

2. SKILLS

Basic and General Skills:

BS1. - Students should have demonstrated to have and understand knowledge in an area of study that is at the core of general secondary education, and is often found at a level that, while supported by advanced textbooks, also includes some aspects involving knowledge from the cutting edge of their field of study.
BS2. - Students should know how to apply their knowledge to their work or vocation in a professional way and have the skills usually demonstrated through the development and defense of arguments and the resolution of problems within their area of study.
BS3. - Students should have the ability to gather and interpret relevant data (usually within their area of study) to make judgements that include reflection on relevant social, scientific, or ethical issues.
BS4. - Students should be able to transmit information, ideas, problems and solutions to both a specialized and non-specialized audience.
BS5. - Students should have developed the learning skills needed to undertake subsequent studies with a high degree of autonomy.

GS1. - Acquire capacity in the negotiating techniques used in international institutions and companies.
GS2.- Ability to analyze data and reports specifically from international sources (enterprises, international institutions such as the IMF, WTO, or Bank for International Settlements).
GS3. - Interest in updating the permanent requirements of organizational and planning techniques of international business and public activities.
GS4. - Ability to assess the multiplicity of social, political, technical, and other factors that converge in international business and institutional decisions.
GS5. - Acquire current ethical criteria, that can be permanently updated, manifested in the different countries through anti-corruption codes, international economic rights letters, etc.
GS6. - Ability to integrate into interdisciplinary teams made up of people from very different countries and training.
GS7. - Scientific and professional curiosity for the permanent use of analytical and conceptual instruments typical of economic international relations.
GS8. - Motivation for searching for quality in professional practice and development.
GS9. - Curiosity about learning the new techniques and instruments that are continuously presented in the international arena.
GS10. - Written and oral expression skills suitable for using in different contexts.
GS11. - Ability to use the English language to search for information and use resources in that language, and in the development and presentation of academic activities.

Transversal Skills:

TS1. - Acquire techniques and skills related to professional exercise, including the application of appropriate ethics regulations.
TS2. - Understand resources available for access to information and use them effectively.
TS3. - Acquire oral and written communicative skills in modern languages, both in professional environments and in other contexts.
TS4. - Understand the ideas and arguments expressed in a foreign language, in writing and orally, both in everyday situations and in professional and specialized contexts.
TS5. - Manage in an advanced way the most frequently used office tools in a professional environment (word processor, databases, and spreadsheets) and advanced use of electronic communication, navigation and data search programs (email and the Internet).
TS6. - Design presentations using software and ability to structure information appropriately and transmit it clearly and effectively, with a basic understanding of how data transmission networks work.
TS7. - Know the main management, conflict resolution, job selection and motivation of human teams techniques in a work environment with the use of effective strategies in time management.
TS8. - Plan and develop a research in a certain field of study, according to the appropriate academic and scientific requirements.
TS9. - Know the history of the University of Alcalá, the functioning of European institutions and the historical, social, economic and cultural reality of European and Ibero-American countries.

Specific Skills:

SS1.- Acquire and manage the analytical skills and the usual concepts and techniques of modern intermediate microeconomic and macroeconomic theory.
SS2. - Strengthen and/or acquire skills in Mathematical Analysis for the Economy.
SS3. - Acquire the ability to analyse, synthesize and critically summarize economic-business information using quantitative tools in different economic-business areas.

Learning results of the subject

Microeconomic analysis is fundamental in the formation of the future economist because it provides the necessary tools to understand and analyse the behaviour of economic agents and the decision-making process in the face of the problems that arise. It makes it possible to elaborate and understand economic policy and, in general terms, to understand how a modern economy works. On the other hand, the study of microeconomics provides the student with a rigorous language and allows him to face the resolution of questions according to the economic criterion of efficient allocation of resources.

3. CONTENT

TOPICS (topics may be specified if considered necessary)	Total classes, credits or hours
Part I. Introduction to Microeconomics Topic 1. Nature and scope of microeconomic theory - What is microeconomics? - The behavior of economic agents - Supply and demand	1 topic: 2 sessions • 1 theory class • 1 practical class

Part II. Consumer theory Topic 2. Consumer behavior - Consumer preferences - Marginal utility - Budgetary restriction - Consumer choice Topic 3. Individual demand and market demand - Reduction of ordinary demand - Effect of variance in income - Effect of price: Income Effect and Replacement Effect - Consumer surplus	2 topics: 10 sessions • 4 theory classes • 4 practical classes • 1 critical reading • 1 evaluation session
Part III. Theory of production and costs Topic 4. Production Function - Production technology - Production with one variable factor - Production with two variable factors - Economies of scale Topic 5. Cost of production - The economic concept of cost - Total long-term costs - Total short-term costs - Relationship between short- and long-term costs	2 topics: 10 sessions • 4 theory classes • 4 practical classes • 1 critical reading • 1 evaluation session
Parte IV. The competitive Equilibrium Topic 6. Profit Maximization and Competitive Supply - The maximization of profits - The competitive firm's short- and long-term supply curve - The Industry's long run supply - The efficiency of competitive markets - Model applications	1 topic: 6 sessions • 2 theory classes • 2 practical classes • 1 critical reading • 1 evaluation session

4. LEARNING-TEACHING METHODOLOGIES - EDUCATIONAL ACTIVITIES

4.1. Distribution of credits (in hours)

Number of class hours: 48	• Number of class hours: 48 divided between theory and practical classes. - Theory classes: 22,5 - Practical classes: 22,5 - Assessment hours: 3
Number of independent study hours: 102	• Number of hours of independent study • Number of hours for the preparation of work, applications, tests and exams • Hours of ECTS tutorials
Total hours	150

4.2. Methodological strategies, teaching materials and resources

Classroom sessions: these will be dedicated to theory classes, exercise and the critical analysis and discussion of theoretical and practical content. The student will acquire a basic knowledge of the course. These classes will develop abilities of analysis, interpretation and resolution of exercises and problems.	• **Theory classes** In the theory classes, the tutor will give an overview of each topic, placing emphasis on the most relevant aspects, establishing conclusions, and guiding the students in how to apply the knowledge gained to their personal work. The preparation and study of the topics encountered in the theory classes will strengthen students independent study abilities, which students themselves should develop through the preparation for the theory classes and summative tests. • **Practical classes and tutorials** The practical classes will be dedicated to the practical application of the theoretical contents by solving exercises and problems, and sessions dedicated to the presentation, analysis and critical discussion of articles and pieces of work about current issues, as well as conducting debates on topics proposed by the teacher. By solving tasks students are able to test their own level of understanding of the material studied in

	the theory classes. The reading and debates will allow students to connect real-world problems with the theoretical models analyzed throughout the course. The work done in the practical sessions will allow the development of teamwork skills and the critical and analytical abilities of the student through class interaction. Students will develop their work with the support of new technologies (tutors' web pages, virtual platform etc.) with the use of electronic resources. The textbooks recommended in the bibliography section of this document cover the key subject material that will give students the necessary tools for the study of the theoretical models, analysis of exercises and problems and the critical discussion of practical cases. It is useful to note that most of these textbooks include tables of practical cases that aid in the understanding of concepts through real examples. Materials prepared by the tutor, including worksheets, readings and articles will also be available to students. New communication technologies will be used to develop a 'virtual classroom' that will serve as additional support.
Independent study: these hours will be dedicated to the students' individual study and will strengthen the knowledge of the theoretical topics, completion of exercises and solving cases as well as reading articles of interest. This aims to develop transferable skills such as information gathering, interpretation of texts and problem solving.	The student should study the materials suggested in the theoretical classes and complete tasks set in the practical classes: problem solving, readings, etc.
Individual tutorials	There will be two types of tutorial available to the student: virtual tutorials through the online platform (Blackboard), in which students can ask the tutor questions; and personal tutorials which the student can request from the tutor when they feel

	necessary and in which the tutor will guide them in their personal work.

We will collaborate with the CRAI-Library professionals so that the students carry out an activity that develops the informational competences in the use and management of the information.

5. ASSESSMENT: Procedures, assessment and grading criteria[1]

Students studying this course must choose between the two following methods of assessment:

1. A system of continuous evaluation (this procedure is set out in detail in the section 'CONTINUOUS EVALUATION'). If the student fails to pass through this method of assessment, he/she may sit the re-sit examination (June).

2. Assessment by final exam (January) and re-sit examination (June)

In accordance with the established rules passed in the Governing Council on the 24th March 2011, which regulate assessment procedures, **in order to pass the subject, all students should follow the system of continuous evaluation. Students will only be permitted to follow the system of assessment by final exam in exceptional circumstances.**

1. CONTINUOUS EVALUATION

The system of continuous evaluation is based on monitoring and following the work of the student throughout the course. The system will be adapted according to the course resources and the number of students in class and explained to the students promptly at the start of the course.

In detail, the assessment will be comprised of several examinations and assignments covering the theoretical and practical knowledge gained through classes and the students' own independent study. These examinations and assignments will evaluate the areas associated with the comprehension of key course knowledge and assess skills associated with information gathering, interpretation, communication and teamwork, as well as interpretation and communication skills.

[1] It is important to indicate the applicable assessment procedure, for example continuous assessment, final exam, self-assessment, and peer assessment. Tools and evidence: tasks, activities. Criteria or benchmarks that will be taken into account: proficiency in conceptual knowledge, application, and transference of skills. The **Governance Council Regulations of 16th July 2009** will apply to the grading system; the mark for continuous evaluation will represent **at least 60%** of the final grade. This percentage can be higher, where specified in the course guide.

The grade will be established as a weighted average of the different examinations and assignments proposed and solved during the course in the continuous evaluation. In order to pass the subject through the system of continuous evaluation, it is necessary to obtain a minimum mark of 5/10. None of the proposed examinations will account more than 40% of the final grade, but a minimum mark might be required to pass the continuous evaluation. In addition, some tests might be proposed and carried out in the virtual platform.

2. EVALUATION BY FINAL EXAM

The students who do not follow the system of continuous evaluation and instead sit the **final examination** during the ordinary examination period in January should demonstrate that they have acquired the skills specified for this subject. To do so, students should pass an exam on the complete content of the course, containing both theoretical and practical questions.

In order to pass the subject through the system of continuous evaluation it is necessary to obtain a minimum mark of 5/10.

3. RE-SIT EXAMINATION

Consists of a final exam in a similar format to that of the exam sat in the ordinary examination period.

During the development of the different examinations and assignments, the guidelines established in the Regulation that establishes the Coexistence Rules of the University of Alcalá must be followed, as well as the possible implications of the irregularities committed during those examinations and assignments, including the consequences for committing academic fraud according to the Regulation for the Disciplinary Regime of the Students from the University of Alcalá.

6. Bibliography

Core Bibliography:

GOOLSBEE, A., LEVITT, S. and SYVERSON, C., *Microeconomics*, 3rd Edition McMillan Learning, 2020.
PINDYCK, R. and RUBINFELD, D. *Microeconomics,* 9th edition, Prentice Hall, 2018. (Pearson, 2013. http://www.pearsonhighered.com/pindyck/)

Further Bibliography:

ESTRIN, Saul, DIETRICH, Michael and LAIDLER, David, M*icroeconomics*, 6th edition, Pearson, 2012
FRANK, Robert H*., Microeconomics and Behavior*, 9th edition, McGraw-Hill, 2015
GRAVELLE, Hugh and REES, Ray. Microeconomics, 3rd edition, Prentice Hall, 2004.
NECHYBA, Thomas. *Intermediate Microeconomics*: *An Intiutive Approach with Calculus*. Cengage Learning, 2018.
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