

MGT-454

Principles of microeconomics

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Cursus	Sem.	Type
Management, Technology and Entrepreneurship minor	H	Opt.
Managmt, tech et entr.	MA1, MA3	Obl.
Mathematics	BA5	Opt.

Language of teaching	English
Credits	4
Session	Winter
Semester	Fall
Exam	Written
Workload	120h
Weeks	14
Hours	4 weekly
Courses	3 weekly
Exercises	1 weekly
Number of positions	

Summary

The course allows students to get familiarized with the basic tools and concepts of modern microeconomic analysis. Based on graphical reasoning and analytical calculus, it constantly links to real economic issues.

Content

- **Introduction**
- **Consumer theory** - Utility theory - Consumer optimum - Demand function - Applications
- **Production theory** - Short term/long term production - Cost functions - Equilibrium of firm under perfect competition - supply function
- **State interventions on the markets** - Price fixation - Supply and demand orientation - Trade politics
- **Imperfect competition** - Monopoly - Monopsony - Bilateral monopoly - Monopolistic competition - Oligopoly - Cartel
- **Game theory** - Introduction - Game theory and rationality - Nash equilibrium - Repeated games - Games with incomplete information
- **Public goods** - Market failures - Different types of goods - Externalities - Natural monopoly

Keywords

Microeconomics, consumers, producers, state interventions, imperfect competition, game theory, public goods.

Learning Prerequisites**Important concepts to start the course**

No prior knowledge of economics is required for this course but a sound knowledge of calculus is recommended.

Learning Outcomes

By the end of the course, the student must be able to:

- Describe the nature of economics in dealing with the issue of scarcity.
- Understand consumer theory and its applications.
- Study the economic process of production, i.e., the conversion of inputs into outputs, and the differences in terms of time horizon.
- Understand and discuss the concept of perfect competition.

- Understand and discuss state interventions on the markets and its consequences.
- Understand and define imperfect competition and its implications.
- Introduce students to game theory and its use in economics.
- Understand and define the economic concept of public goods and externalities, and its applications.
- Use economic analysis to assess controversial issues and policies.

Transversal skills

- Plan and carry out activities in a way which makes optimal use of available time and other resources.
- Communicate effectively with professionals from other disciplines.
- Take responsibility for environmental impacts of her/ his actions and decisions.

Teaching methods

Lectures and exercises: Theory presented and studied during classes will be extensively illustrated and trained with exercises, generally referring to real economic problems.

Expected student activities

Exercises will be available online approximately one week before corrections. Estimated workload for exercises: one to two hours per week. To obtain full value this class is offering, it is imperative that you come to class prepared. Indeed, exercises will be discussed and corrected every week in detail during classes. Moreover, as part of the exam will be based on the exercises, their regular preparation and understanding are crucial.

Assessment methods

- 40% written midterm exam (closed book) will take place in week 8 of the course (06.11.17 - 10.11.17), based on the theory and exercises seen during the course.
- 60% written final exam (closed book), based on the theory and exercises seen during the semester, will take place during the exam session at the end of the semester. The exam will be composed of multiple choice questions and open questions. Multiple choice questions will examine the theory presented during the semester. The open questions will be based on the exercises that are presented, discussed and corrected weekly in class. Hence, regular preparation and training through the exercises are essential for the exam.

Supervision

Office hours	No
Assistants	Yes
Forum	No
Others	Contact by e-mail.

Resources

Bibliography

Mankiw, N.G. (2017), Principles of Microeconomics, 8th edition, Mason, OH, South-Western College Publishing.

Mas-Colell, A., M.D. Whinston and J.R. Green (1995), Microeconomic Theory, New York, NY, Oxford University Press.

Perloff, J.M. (2017), Microeconomics, 8th edition, Upper Saddle River, NJ, Prentice Hall.

Varian, H.R. (2014), Intermediate Microeconomics: A Modern Approach, 9th edition, New York, NY, W.W. Norton & Company.

Ressources en bibliothèque

- [Intermediate Microeconomics / Varian](#)

- [Microeconomics / Perloff](#)
- [Microeconomic Theory / Mas-Colell](#)
- [Principles of Microeconomics / Mankiw](#)

Moodle Link

- <http://moodle.epfl.ch>