MGT-200 Economic thinking

Gaulé Patrick, Kantorovitch Ilja

<table>
<thead>
<tr>
<th>Cursus</th>
<th>Sem.</th>
<th>Type</th>
<th>Language</th>
<th>Credits</th>
<th>Session</th>
<th>Semester</th>
<th>Exam</th>
<th>Workload</th>
<th>Weeks</th>
<th>Hours</th>
<th>Lecture</th>
<th>Number of positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanities and Social Sciences</td>
<td>BA3</td>
<td>Obl.</td>
<td>English</td>
<td>2</td>
<td>Winter</td>
<td>Fall</td>
<td>During the semester</td>
<td>60h</td>
<td>14</td>
<td>2 weekly</td>
<td>2 weekly</td>
<td>80</td>
</tr>
</tbody>
</table>

Remark
Une seule inscription à un cours SHS+MGT autorisée. En cas d’inscriptions multiples elles seront toutes supprimées sans notification.

Summary
This course introduces frameworks and tools for understanding the economic dimensions of the world we live in. The course includes applications to real-world situations and events. Assessment is through group projects. The course is divided into two parts: Microeconomics and Macroeconomics.

Content
**Microeconomics**
1. Key principles of economics: allocation of scarce resources, trade-offs, opportunity costs, marginal reasoning, and incentives; economic models
2. Gains from trade. Comparative advantage. International trade
3. Demand and supply. Price controls. Market efficiency and when it fails
4. Cost structure of firms
5. Perfect competition
6. Monopoly
7. Principles of game theory and applications to interactions among firms

**Macroeconomics**
2. Saving and asset markets. Application: Is the S&P 500 overvalued?
5. Monetary policy. Application: Zero lower bound and quantitative easing

Keywords
Principles of economics, demand and supply, competition; markets, monetary and fiscal policy, exchange rate.

Learning Prerequisites
**Required courses**
None

**Recommended courses**
None
Learning Outcomes
By the end of the course, the student must be able to:

• Explain the forces driving demand and supply and their impact on market conditions
• Apply economic analysis to everyday problems in real world situations
• Interpret various economic parameters such as equilibrium price and quantity, elasticity, average costs, marginal costs etc.
• Classify firms into different market structures and show how competitive structures influence the individual firm’s behavior
• Assess / Evaluate macroeconomic conditions and evaluate appropriate stabilization policies
• Assess / Evaluate saving and investment choices and their impact on asset prices
• Analyze the effect of economic events and policies on exchange rates

Transversal skills

• Demonstrate the capacity for critical thinking
• Evaluate one's own performance in the team, receive and respond appropriately to feedback.
• Access and evaluate appropriate sources of information.
• Use a work methodology appropriate to the task.

Teaching methods
The course is organized in lectures and applications with class discussions. The lectures will introduce key economic concepts and economic policy tools. Applications to real world situations and economic events will be analyzed and discussed in class. Students will be divided in groups to work on projects that will be graded.

Expected student activities
GROUP PROJECT
Students will be divided in groups. Each group will complete a project that comprises a microeconomic part and a macroeconomic part. The microeconomic project will be announced early in the course and due by the end of week 7; the macroeconomic project will be announced in week 8 and due by the end of the semester.

Assessment methods
50% Group project: microeconomic part
50% Group project: macroeconomic part

Supervision
Office hours Yes
Assistants Yes
Forum No

Resources
Virtual desktop infrastructure (VDI)
No

Bibliography
Textbook: Principles of Economics (8th edition) by N. Gregory Mankiw, Chapters 1 to 7, and 13 to 17.

Ressources en bibliothèque
• Principles of Economics
Notes/Handbook

**Slides:** The slides will be available on the class web site.

**Projects:** Projects’ setup will be available on the class website.

Moodle Link

- [https://go.epfl.ch/MGT-200](https://go.epfl.ch/MGT-200)