

MGT-200

Economic thinking

Gaulé Patrick, Kantorovitch Ilja

Cursus	Sem.	Type
Humanities and Social Sciences	BA3	Obl.

Language of teaching	English
Credits	2
Session	Winter
Semester	Fall
Exam	During the semester
Workload	60h
Weeks	14
Hours	2 weekly
Courses	2 weekly
Number of positions	80

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

1. Globalization and current account imbalances. Application: Trade wars
2. Saving and asset markets. Application: Is the S&P 500 overvalued?
3. Economic fluctuations: business cycles and crises. Application: Covid-19 crisis
4. Fiscal policy. Application: Fiscal response to the Covid-19 crisis
5. Monetary policy. Application: Zero lower bound and quantitative easing
6. Exchange rates. Application: Frankenshock
7. Banks and banking regulation. Application: Global financial crisis 2008-09

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>