

Microeconomic Theory I

Course Description

Course Code (my-studies): ECO201

Semester: C

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Introduction

Welcome to the course "Microeconomic Theory I". The course aims to familiarize students with the microeconomic analysis of consumption and production. The course examines the analytical tools and theoretical approaches used in economics to investigate how consumers and producers make decisions. The course aims to acquaint students with the use of economic models for decision-making in conditions of scarcity.

Description

The course "Microeconomic Theory I" will give us the opportunity to examine and use economic tools to understand the decisions made by consumers and producers. The course uses theoretical models and real-world applications to introduce and understand concepts such as: preferences, utility, budget constraint, income and substitution effects, market demand function, consumer surplus, cost, production, supply function, short-run cost, and profit maximization.

Learning outcomes

Upon course completion, students will be able to understand and analyze the strategic choices of economic entities (consumers, producers). Upon completion of the course, students will be able to understand the microeconomic principles that govern the decisions of consumers and producers, as well as the formation of prices in the market under alternative forms of its operation. Students will be able to understand and investigate the contemporary issues in economic analysis concerning the achievement of general equilibrium. Finally, they will be able to evaluate alternative production and consumption options using microeconomic methods. The main objective of the course is for the students to be able to deal with corresponding problems of theory applications using specific mathematical models of behavior.

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

- Understand and analyze the theory of the consumer
- Represent and consider consumer preferences
- Analyze the concept of utility, budget constraint, income and substitution effects
- Determine the market demand and supply function
- Understand the concepts of consumer and producer surplus and relate them to market efficiency and welfare
- Analyze and predict supplier behavior in the decisions for production in alternative forms of market
- Understand the role of (short-run) costs in producers' decisions at different time horizons
- Apply microeconomic evaluation methods and tools for optimal distribution of production factors

Course contents

The course is developed in thematic units which are summarized as follows:

- Market efficiency and equilibrium
- Budget constraint
- Consumer preferences and utility
- Optimal choice and demand
- Supply and producer decisions
- Profit maximization and cost minimization
- Cost curves
- Producer supply and sector supply

The thematic sessions and study program are summarized in the table below. The bibliography includes the core references that students should refer to as well as suggested indicative bibliography that the students are recommended to refer to for better consolidation of the course. Additional material (scientific articles, articles from the press, etc.) as well as the slides of the lectures will be posted on eclass.

Table 1 Thematic sessions, study program and core module references

| Thematic and study session | References |
|---|---|
| Market efficiency and equilibrium | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 1, 2 Nicholson, W. S. (2018). Ch. 1 Nechyba, T. (2023). Ch. 1 Pindyck, R., Rubinfeld, D. (2017). Ch. 1,2 Varian, H.R. (2015). Ch. 1 |
| Budget constraint | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 4 Nicholson, W. S. (2018). Ch. 4 Nechyba, T. (2023). Ch. 2 Pindyck, R., Rubinfeld, D. (2017). Ch. 3, 4 Varian, H.R. (2015). Ch. 2 |
| Consumer preferences and utility | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 3 Nicholson, W. S. (2018). Ch. 3 Nechyba, T. (2023). Ch. 4,5 Pindyck, R., Rubinfeld, D. (2017). Ch. 3, 4 Varian, H.R. (2015). Ch. 3, 4 |
| Optimal choice and demand | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 4,5 Nicholson, W. S. (2018). Ch. 4,5,6 Nechyba, T. (2023). Ch. 6, 7, 8, 10 Pindyck, R., Rubinfeld, D. (2017). Ch. 4, 5 Varian, H.R. (2015). Ch. 5, 6, 8, 14, 15 |
| Supply and producer decisions | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 6 Nicholson, W. S. (2018). Ch. 9 Nechyba, T. (2023). Ch. 11 Pindyck, R., Rubinfeld, D. (2017). Ch. 6 Varian, H.R. (2015). Ch. 19 |
| Profit maximization and cost minimization | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 7 Nicholson, W. S. (2018). Ch. 9 Nechyba, T. (2023). Ch. 12,13 Pindyck, R., Rubinfeld, D. (2017). Ch. 7,8 Varian, H.R. (2015). Ch. 20, 21 |
| Cost curves | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 8, Nicholson, W. S. (2018). Ch. 10 Nechyba, T. (2023) . Ch. 13 Pindyck, R., Rubinfeld, D. (2017). Ch. 9 Varian, H.R. (2015). Ch. 22 |
| Firm supply and industry supply | Besanko, D.A, Braeutigam, R. R. (2009). Ch. 9, Nicholson, W. S. (2018). Ch. 10, 11 Nechyba, T. (2023). Ch. 13, 14 Pindyck, R., Rubinfeld, D. (2017). Ch. 9 Varian, H.R. (2015). Ch. 23, 24 |

Evaluation

One (1) final written exam (100% of the final grade).

Optionally, students can submit 3 exercise sets. The exercise sets, those students who wish, should deliver them only on the day and time announced. Delivery of exercise sets will work additively in the determination of the final grade, up to one additional unit, if the final exam is successful, and if all exercise sets and their self-grading are submitted. The exercise sets are only counted in the winter semester exam.

Teaching material

The teaching material (presentations, exercises, questions, articles, etc.) will be available to the students in eclass.

Suggested bibliography

- Besanko, D.A, Braeutigam, R. R. (2009). Microeconomics. John Wiley & Sons
- Nechyba, T. (2023) Microeconomics: an intuitive and mathematical approach. Cengage Learning
- Nicholson, W. S. (2018). Microeconomic theory, Cengage Learning
- Pindyck, R., Rubinfeld, D. (2017). Microeconomics. Pearson
- Varian, H.R. (2015). Microeconomics A modern approach, W. W. Norton & Company

Useful resources and links

Indicative financial journals of general/microeconomic content:

- American Economic Journal: Microeconomics
- Foundations and Trends(R) in Microeconomics
- Journal of Economic Perspectives
- Quarterly Journal of Economics
- Review of Economics and Statistics
- Economic Journal

Statistical data can be found in:

- European Union: http://ec.europa.eu/economy_finance ,
http://ec.europa.eu/taxation_customs/taxation
- OECD: <http://www.oecd.org>.
- International Monetary Fund: <http://www.imf.org>.

- Greece: <https://www.minfin.gr/web/g.g.-demosias-periousias/epikoinonia> ;
<http://www.bankofgreece.gr>; <http://www.kepe.gr> ; <http://www.iobe.gr>.

Useful economics blogs

<https://neweconomicperspectives.org/>

<http://econbrowser.com/>

<https://gregmankiw.blogspot.com/>

<https://www.economist.com/>

<https://www.ft.com/>

<https://marginalrevolution.com/>

<https://econlife.com/>

<https://thedangerouseconomist.blogspot.com/>

<http://www.enlightenmenteconomics.com/blog/>

<https://blogs.imf.org/>

<https://cepr.net/cepr-blog-dont-blame-the-robots/>

<https://voxeu.org/>

<https://www.bruegel.org/blog/>

<https://www.ineteconomics.org/perspectives/blog>